FAR EASTERN
ECONOMIC REVIEW

VOL. X — Hongkong, March 15, 1951 — No. 11

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BRITAIN'S PRODUCTION FOR DEFENCE

Defence expenditure in 1951/2 will be about £1,300 million, provided the necessary raw materials and machine tools can be imported. On this condition, the total defence budget in the next three years (excluding stockpiling) may be as much as £4,700 million. Nearly half of this will be for production. The increased defence programme means a claim on the national output in 1951 of anything up to £500 million more than in 1950. Rising import prices may add as much as another £400 million this year to the cost of the same volume of imports as in 1950—and more imports will be needed in 1951 to sustain the higher level of production now reached and to rebuild stocks. Even allowing for higher invisible earnings and some rise in export prices, a further big expansion in exports will be needed to meet the larger import bill. These extra claims on output—for defence and for exports—come at a time when shortages of raw materials and interruption of fuel and power supplies will interfere with production. In addition the switching over of factories to defence production may slow down output.

The Prime Minister has stated the Government's aim as "to see that we carry as much of the load as possible ourselves, now, and refrain from mortgaging the future by running into debt abroad or reducing the investment on which our industrial efficiency depends." The situation is the more difficult because rearmament, exports and investment all make large direct claims on the engineering and metal industries; these at present provide nearly half of all exports. To turn over part of the heavy engineering industries to defence production must reduce the exports of these industries. Other types of exports (especially textiles and other consumer goods) must therefore be increased in order to maintain a balance on overseas account. This means a reduction in home market supplies of many types of consumer goods because for some things there will not be enough raw materials (e.g. rayon and miscellaneous brassware); and of others (e.g. textiles) more will need to be exported; and some factories or plant now making consumer goods will be needed for defence (e.g. in the radio industry).

To secure the necessary redistribution of resources many of the controls used during the war will be reimposed: Materials — Further measures to control the distribution of raw materials to industry will probably be necessary. Civilian Production — Some less essential production, especially for the home market, will have to be reduced or stopped, by limitation of supply orders and prohibition of certain end-uses. Defence Orders—Some firms will be given directions about the volume of defence orders they must accept, and their timing in relation to other orders.

As far as possible labour for the defence programme will be found from firms cutting down on other types of production. There will, however, need to be schemes of up-grading and training to provide the extra skilled workers that are urgently required. There will be new opportunities for women to undertake essential work in industry. If, as the programme develops, it appears that exceptional measures are necessary to ensure the availability of labour the Government will not hesitate to take them.

Present fuel and raw material shortages increase the need for greater efficiency in industry. Better methods of co-operation and consultation are especially helpful at a time of shortage and readjustment. Those firms which are affected by shortages may find means of making materials go further and increasing technical efficiency at one and the same time—there are many examples of this. Productivity is in any case a longterm question. Plans and preparations made now for improved methods may well be ready for application at a time when raw materials are in better supply. Whatever the present difficulties, the strength and well-being of Britain in the future will depend first and foremost upon the efficiency of her production.

How will British industry be affected by the shortage of raw materials? It is fairly clear now which materials are likely to be short, and this article attempts to see which sectors of the economy will suffer. It is not concerned with the general reasons for the shortages but only with the results. There are three main reasons why it is impossible to set out more exactly what will happen:

1. The ramifications of any one material are not easy to trace. The economy is not a collection of separate industries each insulated from the other, but rather a maze of interlocking processes, in which even a small shortage in one sector may have a disproportionately large effect in some very different one. For example, at various times in the war the production of the textile industry was threatened by shortages of such apparently remote materials as sodium and potassium bicarbonate, castor oil, sago, spermaceti wax and formaldehyde. 2. It is very difficult for the outsider to

say how far, if at all, substitutes can be found in any particular process for the material which is short; and the firm which can find substitutes will, of course, be less hard hit. Substitution is very often possible. To take an American example, an electric range manufacturer has found that his aluminium reflector pan can be replaced by dark blue porcelain. Aluminized steel or bright steel strip can replace stainless steel banding. Copper can be saved by reducing the thickness of tubing walls. 3. The Government has established priorities in certain cases, and will in all probability establish them in others; this will, of course, alter the effects of the shortages on different industries.

There are, first, three main materials whose supply affects almost all industry: coal, steel, and sulphuric acid. The importance of coal need not be stressed: the extent to which there will be an industrial shortage depends on the weather and on the response made to appeals for increased production and fuel economy. Gas works and power stations must be kept going: therefore the brunt of the cuts must fall on industry, the largest remaining coal consumer. It is hoped that the cut in industry's supplies will not be more than 15 percent; so long as it is no greater it will apply equally to all industries.

Steel is also used directly or indirectly by almost every industry; it is unlikely that production this year will be larger than in 1950. Over half the United Kingdom's supplies of iron ore (in terms of iron content) are imported, and foreign demand on overseas output has risen sharply. Home supply of scrap, too, has to be supplemented from abroad, and Germany, previously our main source of supply, is now using much more herself. And the shortage of coal and coke will affect output. But it is believed that the home supply of general steel is at the moment sufficient for most consumption needs; the evidence is that the present excess demand has been due to duplicate ordering and orders placed above current needs.

The third material whose shortage affects industry generally is sulphur, and the sulphuric acid made from it; both are used by a wide range of industries. Matches, plasticine, glue, penicillin, fireworks are among the lesser users. The big consumers are fertilisers, rayon and transparent paper, dyestuffs, titanium oxide (for print and other industries), oil refining, rubber, and iron and steel pickling (i.e. cleaning). At the moment there are general percentage cuts in the consumption of sulphur and sulphuric acid made from sulphur; the Government Departments concerned are working out a priority scheme.

These three materials affect industry generally; but the engineering industry is specifically affected by the next main group of shortages—of non-ferrous materials. The details of the shortages of zinc and copper are now well-known; and some background information on their supply is given below. Zinc is the metal which is shortest; and general copper consumers are now limited to 85 percent of their rate of consumption in the first half of last year. But other non-ferrous metals are also restricted. Supplies of virgin aluminium to the fabricators are limited from January, 1951, to 15,000 tons a month; in view of the increase in defence demands, some civilian requirements are not being met. And nickel is being supplied at 90 per cent of the rate in the first half of 1950. The largest user of aluminium is the automobile industry, followed by building; and nickel is used mainly for making nickel steel — which in turn is used extensively in engineering.

The automobile industry is affected by all these shortages—but more than all these by the shortage of sheet steel; supplies from the U.S. have fallen to negligible quantities. Present indications are that deliveries to the motor industry will be 15-20 percent less in the first quarter of 1951 than in the last quarter of 1950. This shortage will be relieved to some extent when the new plant at Margam (South Wales) comes into operation in the second half of this year.

The textile industry is—as noted above—a large coal consumer. For its more specific raw materials, there is a world shortage of raw wool; the prices paid at the auctions are rising continuously, and consumption will inevitably be reduced throughout the world. The Raw Cotton Commission are at present restricting supplies of U.S. cotton to spinners, and the matter is now being discussed with the U.S. authorities. Until the result of these discussions is known, it is impossible to forecast whether supplies will be adequate. The rayon industry is hit by a number of shortages: of sulphuric acid and sulphur, and of cotton linters; it consumes nearly half the supply of the latter.

Outside the engineering, chemical and textile industries, a miscellany of others may be affected by certain special shortages: linoleum, furniture, and needlefelt because of jute; lighter tints of paint because of the shortage of zinc oxide, lithopone, and titanium oxide (the latter two sulphuric acid products); bedding, upholstery and felt because of cotton linters. Manufacturers can help to avoid the need for allocations down the line to every ultimate user if they regulate their distribution within the guidance given by the Government; they can be scrupulous about avoiding waste, and study every method of making materials go further; they can search out substitutes—plastics perhaps, or ferrous instead of non-ferrous metals; and they can ensure that every bit of scrap is made available for remelting.

THE NEW ECONOMIC POSITION IN AMERICA

The President of the United States has been given considerable powers over the economy, both by the Defence Production Act and by his declaration of a national emergency. He has delegated the bulk of them, not to any previously existing Department, but the newly-created Office of Defence Mobilisation. Its Director, Charles E. Wilson, has powers to "direct, control and co-ordinate all mobilisation activities of the Government", he is, in fact, commonly referred to as "the most powerful man in the United States after the President." Mr. Wilson has appointed to advise him a Defence Mobilisation Board, consisting mainly of Secretaries of Departments. He has two new agencies to administer his decisions — the Defence Production Administration, under Mr. Harrison, responsible generally for production control; and the Economic Stabilisation Agency, under Mr. Eric Johnston, responsible mainly for price and wage controls. Further, a number of divisions of other State Departments come under Mr. Wilson's policy control. The National Production Authority for example, which issued most of the orders referred to below, is part of the Department of Commerce; but it is, through the Defence Production Administration, responsible to Mr. Wilson.

The National Production Authority has proceeded in four stages. First of all it prohibited the holding of stocks "in excess of reasonable demands" of some fifty commodities—mainly metals and minerals, but including too, paper, lumber, cement, and industrial alcohol. Secondly, it has established a "DO" (Defence Order) rating for defence orders; manufacturers are required to allot a certain percentage of their production to these orders, and so long as their quota of "DO" orders is not filled they must give these priority over unrated ones. This has already led to some shortages—of sheel, for example, for civilian use. Thirdly, civilian uses of some raw materials, mainly non-ferrous metals, have been restricted to a percentage of the rate of consumption in the first half of 1950. And manufacturers are forbidden to use certain metals—cadmium and copper are the main examples so far—in less essential uses. Finally in some cases—cobalt and tungsten for example—the metal will be allocated completely.

Outside the non-ferrous metals field, there is strict control on the use of rubber; synthetic rubber production, however, is increasing rapidly. The use of sulphur is not yet controlled. But two companies produce 90 percent of America's sulphur, and one of them has cut its deliveries by 20 percent, neither is accepting new customers.

Together with these domestic restrictions, quotas have been reimposed on exports, for aluminium, zinc, cotton, copper, brass and bronze, hides and skins, sulphur, and some others.

HONGKONG AND THE AMERICAN EMBARGO

The so-called American embargo on the importation of goods into Hongkong which came into force at the beginning of December does not appear to have reached, from the local merchants' point of view, what is described as a compromise stage, in spite of the sympathetic hearing received by Mr. A. J. Clarke, Director of Commerce and Industry in Hongkong, on his recent visit to Washington and the genuine desire shown by the U.S. authorities to help solve the Colony's difficulties, — if at all possible. Merchants in the Colony had fondly hoped that Mr. Clarke's visit to London as well as to Washington would bring about a definite easing of the situation, but while his visit was clearly helpful in explaining the position, it could not be expected that Washington would immediately review its present attitude, especially as it is based upon a determination to prevent strategic materials from reaching China.

Hongkong has for some time greatly benefitted as being the main port for merchandise entering or leaving China and it is therefore evident that with this geographical fact well established in the minds of the American authorities, their first reaction upon the entry of China into the war in Korea would be to close that door as tightly as possible.

The disastrous effect on the growing industries of the Colony is, however, more fully realised and Mr. Clarke in the course of his formal and informal talks with the United States authorities was apparently able to emphasise the importance of Hongkong as a manufacturing centre and to stress the urgent need for concessions in such directions as would not necessarily add to China's war capacity.

At the same time, as Mr. Clarke has pointed out in a recent statement, while the American citizen is lacking the supply of certain commodities it cannot be expected that these will be released for export in any appreciable quantity. The idea of an American citizen being short of any commodity he may wish to acquire is something new to most people, accustomed as they are to regard the United States as a land of unlimited resources. The fact, however, remains that the United States Government has been forced to impose drastic restrictions upon the use of certain commodities and the heavy restrictions now imposed on tinplate for example, for domestic use in the States can be cited in this connection.

One thing has clearly emerged from the interviews Mr. Clarke had in Washington and that was that correctly speaking there is no embargo as such on exports to Hongkong. The word embargo is incorrectly used as it indicates a total cessation of trade; whereas, in reality, all exports to the Colony from the States are subject only to licence and where available United States licences will be issued, provided that the exporter can satisfy the U.S. Department of Commerce that the goods required are for use in Hongkong itself or, if for re-exportation that they will not be sent to destinations considered unfriendly. This point of view allows for no adverse criticism. Merchants must therefore have their applications accompanied by an explanation of the shipment. Without such an explanation any application is obviously waste of time but with one, to use Mr. Clarke's own words, "It is far from futile to apply with a reasoned statement of the case which will then receive careful and sympathetic consideration." These regulations must obviously cause some considerable delay in the conclusion of any transaction, but merchants can hardly expect more generous treatment than is understood by this promise of "sympathetic consideration" under the existing world conditions.

As far as obtaining supplies from Great Britain is concerned, as Mr. Clarke pointed out, it is clear that the export of raw materials in any appreciable quantities would only tend to cripple war defence measures in England. The export of metals, which Hongkong is anxiously looking for, is particularly difficult but assurances have been forthcoming that "the best treatment possible" will be given to this subject. With this unhappily vague statement local business firms must, for the moment at least, perforce be content.

THE NATIONAL AIRLINE OF CEYLON

AUSTRALIAN NATIONAL AIRWAYS ASSISTANCE TO CEYLON

The growth of civil aviation generally has been the result of the technical advances made in flying during World War I. However, it was almost on the eve of World War II that commercial air transport had more or less established itself as a means of communication from one country to another. In order to facilitate the growth of air travel it became obligatory for various nations of the world to provide facilities for Airlines to call at their territories in the same way as commercial harbours have been provided along the sea routes of the world to serve as Ports of call for merchant ships.

Ceylon's geographical position has been such that her position on the sea route of the world has become almost unassailable, so much so that Colombo harbour has been referred to as the Clapham Junction of the East. It was apparent since 1936 that Ceylon was destined to play an equally important part in the operation of regular international trunk route air services. Commercial air services between the Far East and the West which have hitherto been scheduled to fly *via* Singapore, Calcutta and Karachi, are now gradually concentrating on the alternative route between Singapore and Karachi *via* Colombo. More and more airlines are now applying for permission to route their services *via* Colombo, and it is now generally realised that the route *via* Colombo is more direct and has greater value from the point of view of speed and weather conditions. Colombo is fast assuming its place on the air map of the world.

The development of civil aviation in Ceylon has been spectacular but could have even more so had the Government been able to direct its activities and sanction the expenditure of larger sums of money for the development of airport facilities to cater for the needs of the commercial airlines. In the meantime, the Government had realised that the provision of facilities for the airlines of other countries to operate through Ceylon was not necessary in the national interest as what was wanted was not merely the provision of adequate aerodrome facilities in Ceylon, but the simultaneous organisation of a national airline. The national importance of the air transport industry, and the consequent necessity of developing a strong nationally based air transport industry together with its ancillary projects are obvious. Modern trade depends on transport, and an air link is one of the most important means of fostering the development of a Nation's trade.

Start & Development of Air Ceylon

The airline commenced to take shape in 1946 when funds were voted for the purchase of three Dakota aircraft. 1947 saw the inaugural flight of the first scheduled Air Ceylon service from Colombo to Madras. 1948 saw the expansion of the airline from Colombo to Trichinopoly, Jaffna, Bombay and Karachi. Regularity of operations established public confidence in the efficiency of the airline. The route miles during 1948 showed an increase of 458 percent. on 1947. In 1949, on 7 February, two Skymasters were added to Air Ceylon's Aircraft Register and on 8 February Ceylon, under its own flag. established civil aerial communication over a route extending from Colombo to London and from Colombo to Singapore. The Dakota services continued to expand and showed an increase of 129 percent. in the number of passengers carried, 331 percent. increase in cargo and 208 percent. increase in passenger miles flown.

The Skymaster aircraft introduced an international service—"The Trunk Route of the Orient" — with weekly schedules. These aircraft established

for Air Ceylon a premier place in the field of international aviation. The foundation was laid in 1949 for Ceylon to take its place with the other nations of the world in the future development of aviation. The early months of 1950 brought additional recognition to Air Ceylon. The International Skymaster Service was extended to Australia linking up a trunk route air service of 11,675 miles from Sydney to Colombo to London. The International Service has now increased in popularity to the stage where on sections of the route all seats in the Skymasters are occupied by passengers and the cargo compartments filled to capacity with passenger baggage, air mail and freight. The Dakota Service continues to operate with regularity and facilities for the travelling public are being extended.

The following statistics of Air Ceylon's operations indicate that substantial progress has been made towards the goal of establishing national airline operations :—

Period	Passenger Figures on Region Services	
	Total	Average per month
Dec., 1947 to Sept., 1948	6,364	636
Oct., 1948, to Sept., 1949	20,914	1,743
Oct., 1949, to Sept., 1950	31,597	2,633

1950 has seen the establishment of modern Aeronautical Engineering facilities at Ratmalana, the airport of Colombo. Under the direction of the Department of Civil aviation, Ceylon has started the major overhaul of its own Dakota aircraft. Technical equipment for the workshop programme has been purchased and stored. Ceylonese staff are being trained under the direction of Aviation experts from Australia.

The Government of Ceylon, through its agreement with Australian National Airways Pty. Ltd., has provided its nationals with the opportunity of obtaining qualified and experienced assistance in the development of its workshop programme. Ceylonese aviation mechanics have carried out practical training at A.N.A's Workshops in Australia and these men will form the nucleus of Ceylon's Aeronautical Aviation Industry.

Air Ceylon is now in the process of revising the seating arrangements in the Skymasters. The present lounge-chair type seats are being replaced with the fully reclining sleeper chairs to give passengers added comfort on the trunk route service. These new seats are of the most modern type available.

By scheduling its trunk route service to give an overnight stop at Colombo, both east and westbound, Air Ceylon provides its transit passengers with the opportunity of seeing some of the tourist attractions. The development of tourist traffic by air will help the expansion of Ceylon's tourist activities. Many business people also find that they can afford to spend a week in Ceylon and still fulfil their programme.

During the present development period air cargo is carried on the passenger aircraft, but it can be forecast that during the next few years air cargo will be carried in special freighter type aircraft that have been fitted for this purpose. The development of freighter aircraft in the U.K. has reached the stage where many tourists from the U.K. to the Continent use aerial transport for the movement of their motor vehicles. Passengers accompany their cars in the same aircraft. The aircraft are so fitted that the motor vehicle can be driven into the freight hold of the aircraft and the passenger can be seated in a section of the aircraft fitted out with passenger accommodation.

Association with the A.N.A.

Negotiations of the Ceylon Government with the Australian National Airways Pty. Ltd. showed that there was a mutually satisfactory basis for entrusting Ceylon's air transport to that Company. The A.N.A. Pty. Ltd., is a private company that has operated a network of major airline services in Australia since 1936 when it pioneered the development of the internal airlines in Australia. In operational statistics it ranks among the seven great airline companies of the world, and it was the first airline in the Commonwealth to exceed the three million mark in passenger statistics. It has also been the pioneer of air freight development and ranks as one of the world's great air freighters. In the statistics issued by the U.S.A. Bureau of Survey in June last, the A.N.A. was classed as the leading Airline in the world in respect of passenger load factor. The A.N.A. had previously assisted other Commonwealth Governments pioneering and developing the air route between Sydney and Vancouver, and Auckland and Vancouver. Furthermore, it enjoys the unique position of being one of the few airline companies in the world that has succeeded in operating at a profit. It was, therefore, quite clear that the A.N.A. had both the resources and the experience to assist the Ceylon Government in its development plans for the national airline.*

The scheme of association which was decided upon between the Ceylon Government and the A.N.A. was to be carried out in stages. During the first stage, the experiment of associating Ceylon's national airline with the A.N.A. was to be tried out initially for a one year period. This experimental stage has been allowed to operate for nearly two years during which the A.N.A. has assisted the airline in the matter of improving its set-up, loaning skilled personnel, both technical and administrative and generally controlling the operations of the airline in both the regional and international services. Ceylon has thus been afforded an opportunity of judging the efficiency of operation of the A.N.A. on the international route, the value of their assistance in airline set-up, and making an assessment of the economics of the scheme. The airline eventually established itself along the various sectors of the 12,250 mile traffic routes (Colombo-London, Colombo-Sydney) over which Air Ceylon Skymaster aircraft now operate. The present satisfactory position as regards traffic rights, rebates on fuel which had been obtained by agreements concluded with the Governments of the U.K., Egypt, Pakistan, India and Australia makes the possibilities as regards the carriage of passengers and freight look extremely promising.

Proposed future Development

A ten year period is now set during which a major airline will be established with all its ancillary projects, such as workshops, &c. During that period the A.N.A. will contribute 49 per cent of the capital required for the venture and will assume responsibility for the organisation, management and economic development of the project. They will also assume responsibility for the training of Ceylonese personnel—aircrew, engineers, administrative — in modern airline techniques and practices so that at the end of the ten year period, (when the Government of Ceylon will have the right to acquire the interest of A.N.A. in the venture), a staff of Ceylonese peresonnel will exist capable of undertaking full responsibility for and control of the organisation, and sufficiently trained and experienced to do so upon the basis of maintaining it as a profitable venture.

The proposed arrangement is that the nominal capital of the proposed corporation, Air Ceylon, Ltd., should be fifteen million rupees. The first issue of capital is proposed as two million rupees of which the Government of Ceylon will contribute fifty-one per centum and the A.N.A. forty-nine per centum. Any further contributions of capital will be in the same proportions subscribed by each party. As part of its contribution of capital the Ceylon Government will sell to the Corporation the present assets of Air Ceylon. Similarly, the A.N.A. will subscribe as part of their contribution the necessary equipment, plant and spares, &c. The A.N.A. will supply the key requisite personnel only. Ceylonese personnel will be trained and introduced more and more into the functioning of the organisation, the training of technical staff being undertaken by the A.N.A. at its headquarters at Melbourne.

The question of purchasing suitable aircraft is a subject which is always in the forefront of Airline managers, and therefore the Airline decided to commence its international operations with

* A.N.A. have also helped in pioneering civil aviation in postwar Hongkong when they assisted, with capital and skilled personnel, in the establishment of the first private air transport company, the Cathay Pacific Airways, and the first aircraft service and maintenance engineering company, the Pacific Aircraft Maintenance & Service Co. (recently merged with Jamco into the new firm of Hongkong Aircraft Engineering Co. Ltd.). A.N.A.'s record in promotion of civil aviation in the years immediately following the end of the last war has been remarkable and is another proof of the Australians' keen interest in business promotion in South East Asia. A.N.A. are financially interested in two local companies, the C.P.A. and the H.A.E.C.

D.C.4 Skymaster aircraft two years ago. They remain, to use the words of Capt. Holyman, "the finest aircraft of their type available for present day operations on this route." Aircraft production and engineering advancement are ever on the move in the direction of producing better models for the future. At the moment the man in the street is aware that the age of jet-propulsion and turbo engines is round the corner. The question whether the replacement of the D.C.4 Skymaster aircraft now in use is desirable at the moment has been given close attention, and the conclusion was reached that they should continue to be used for the present.

It has been decided that the direction of the Corporation is to be in the hands of five Directors, two of whom would be nominated by the A.N.A. who are to own 49 per cent. of the shares; three of the Directors would be nominated to represent the Government, two of whom would be nominees of the Minister for Transport and Works, while one Director would be nominated by the Minister of Finance.

A.N.A. are assisting to a considerable extent in an enterprise which aims at establishing an airline for the Government of Ceylon. The object in not making it a 100 per cent. State enterprise is to enable the airline to function as a commercial venture on sound business principles and to secure a participant who has a substantial financial stake in the venture and who would be required, within the very short space of ten years, to put the airline on a sound business footing. The incentive is not to take the form of a management fee, but the Corporation is to be encouraged to make what profits it can during the ten year period with the assistance of the A.N.A. who are taking almost the same financial risk as the Ceylon Government. The A.N.A. are not being given a contractor's profit for their knowledge, ability and experience, nor are they to receive any fee for the development work they have to do in order to establish an airline for the Ceylon Government. If a loss is incurred on the venture, they must accept a proportionate share of the loss. They are embarking on the project of building up an airline for the Government upon a basis on which they receive no other security than the freedom to share in the profits of the Corporation to the extent of their financial interest in it. Their participation in the Corporation is to be for a stated period of only ten years during which an airline would be developed for the Government, and the Government would be relieved from being wholly responsible for the operation of a presently unprofitable organisation. Side by side with the Government they take the risk of no reward in the event of a failure of these joint efforts. The Government has therefore provided for exemption of the Corporation from taxation on income and profits, but the A.N.A. would be liable to pay taxes on income and profits in respect of the income derived by them.

INTERNATIONAL TRAINING CENTER FOR AERIAL SURVEY IN THE NETHERLANDS

General Importance of Aerial Survey

Aerial Survey nowadays is considered one of the effective means for economic research and for the technical administration of a country. This applies not only to areas which are subject to the Technical Assistance Administration, but also to countries having a more advanced economic structure.

Apart from the original use of the aerial photograph for military purposes and for the compiling of maps, more and more stress is being laid on the interpretation of the contents of the picture for several purposes, such as geological and forestry studies and studies of the soil for agricultural purposes. In addition, the aerial photograph is used for various government projects such as soil conservation, engineering and public works; also, information of a social nature can be derived from the photograph.

At the moment there is an enormous stock of aerial photographs in various countries, prepared partly for military and partly for cartographic purposes. It is important on one hand to use this material as efficiently as possible, also for other purposes, and on the other hand to estabilish for what special purposes new pictures have to be taken.

This entire technique and science is of a very recent date. It cannot be said that there is yet a general knowledge of the methods; even less a possibility for impartial comparison of the applications customary in the various countries. There is a gap especially in the countries on which the Technical Assistance Board's attention is centered, and furthermore a shortage of native personnel with a background which enables them to practice the various branches of aerial survey scientifically.

Desirability for a Special Training Centre for Aerial Survey

To date, education in a specialized field is attained by sending Fellows either to a certain university or to foreign Technical Services. In regard to aerial survey there are difficulties attached to these methods, connected with the present stage of organizational development with respect to the applications of this technique. In the field of cartography, for instance, it is evident that the different countries are each developing their own method, which is determined to a great extent by what their national industry is producing, whereas an impartial comparison for the various purposes has not been established so far. The sending of Fellows to any of these countries implies that one is practically tied to the method applied in that country.

In several countries the universities have not yet realized the necessity for deviating in principle from their national techniques.

In regard to the interpretation of the aerial photograph for other than cartographical purposes, the same applies to a somewhat lesser degree; but on the other hand the stage of development in this field is such that one is confronted with the task of centralizing in the best possible way the knowledge acquired in various places.

On this basis, and stimulated by the discussions between a representative of the Economic Development and Stability Division of the United Nations and various agencies of the Netherlands Government, this Government has decided to establish an International Training Center for Aerial Survey, aware of the support it can derive from the special experience and knowledge which have been acquired through the years in this field in the Netherlands and in Indonesia.

For this purpose, the Presidents of the Netherlands Technical University and the Agricultural University have established a special Foundation within the framework of the Technical Assistance program, which has been entrusted with the organization and operation of said Training Centre.

The Foundation's aim is:

a. to provide for scientific training in the practical application of aerial survey (photogrammetry, including aerial photography, photogeology, soil science and photogeography, forestry and kindred subjects);
b. to promote the science of aerial survey with all appropriate means, particularly with a view to furthering the social and economic development of the countries concerned.

Consequently, its primary objective is to train the Fellows and scholarship holders in such a way as to enable them, after the completion of their training, to successfully put into practice in their own countries the special branch of aerial survey concerned. Furthermore, in this Institute a special study will be made of the methods of aerial survey which have as their objective the exploration and development of said countries.

The Foundation proposes, for the sake of the first objective but also especially the second, to establish cooperation between scientists and technicians of various nationalities.

In order to overcome the abovementioned difficulties, it is necessary to bring together representatives of various trends and schools in this field in an independent international centre in a country where one is in no way tied to any national industry or method. It is definitely intended to make of this training centre a real international centre for the valuable interchange of experience and knowledge, whereas on the other hand this experience and knowledge can be passed on to the Fellows who will be trained there.

In order to maintain this international character, the permanent staff will have to be assisted in keeping abreast of what is being accomplished elsewhere in the world in each specific field, particularly in the native countries of the Fellows.

In addition, in each special field teachers of different nationalities will be invited, both for the purpose of scientific cooperation in this Centre and for the purpose of instructing the Fellows.

The specific subject to be studied and taught is the practice of aerial photography, and besides this the interpretation of the photographic picture for the following purposes:

(1) photogrammetry (the compiling of maps, and cartography)
(2) Geology of the crust of the earth
(3) forestry
(4) soil science and cultivation techniques.

Including aerial photography, instruction will be given in five different subjects. Inasmuch as the purpose of the Institute is the training of specialists, who will be able to work productively in their own country immediately after completing their training, it will be possible as a general rule to accept only pupils whose task is to acquire training in one particular subject. It stands to reason, however, that a person who wants to specialize in one particular subject will have to take other subjects to such a degree as is useful for his special training. Consequently, all Fellows must certainly acquire an elementary knowledge of photogrammetry, whereas most of them will also have to obtain some knowledge of geology.

The qualifications which the Fellows must have for admission are the successful completion of a technical college course in the field in which they are going to specialize. This means, for instance, that only geologists can be admitted to study photogeology. As far as the subject of cartography is concerned, there will be room for "surveyors," civil engineers, officers of army, navy and air force, and similar persons with sufficient mathematical schooling.

On this basis, it will be possible to complete a specialized course in one full year. At the end of the course the trainee must pass an examination involving both theory and practice. On the basis of which a Certificate of Qualification can be granted.

It stands to reason that next to this general training special courses can also be considered. This could apply to Fellows for whom the preliminary training is insufficient and who will have to receive instruction during a period longer than one year, as well as to persons who have already received training but who wish to augment their knowledge on specific points in a shorter course.

Instruction will be given in the English language, and, when necessary, in French and in German. For instruction in the Spanish language special arrangements would have to be made, which would only be justified in case of sufficient demand.

Organization

As stated above, an independent Foundation for the operation of an international training centre has been established by the Presidents of the Technical University and the Agricultural University. Seats on the General Board of this Foundation—on which representatives of said institutions of higher education will sit—have been reserved for representatives of the United Nations and of the specialized agencies, of which in this case the Food and Agriculture Organization is by far the most important.

The Netherlands Government is making available the necessary funds for the establishment of an Institute for Aerial Survey within the framework of the Technical University of Delft, as well as for acquiring all important instruments in the field of aerial survey. Each representative of a certain school or trend will find in this Institute the apparatus with which he is familiar, and which he can use for his personal instruction of the Fellows. In this way, however, there is also attained a scientific centre which provides for the comparison of methods and apparatus.

For the sake of insuring the best possible social, medical and cultural care for the Fellows, we deem it preferable to have the International Training Centre provide housing facilities. Only in this way can the Board of the Foundation accept a certain responsibility for the best possible reception of the Fellows and for appropriate social care. It is evident that this involves an organization closely related to the classic English college system. In view of this, the Netherlands Government has made available funds for a "hall of residence" for about 90 to 100 Fellows, to be built near the Training Centre.

The cost of full tuition and complete care, including food, amounts to $140.00 a month in United States dollars, payable in advance to the Foundation either by the Fellow direct or through the Technical Assistance Administration.

The organization will be put into operation in the coming months of 1951, when it will be possible to receive a limited number of Fellows immediately, which should be gradually increased to 70. In September 1951, it will be possible to start the complete training in the new Institute, which will accommodate up to 200 trainees.

CIVIL AVIATION IN EAST ASIA

Commercial aviation is relatively new in the Far East. Aeronautical activities in this region is by no means recent, but the development and improvement in commercial aviation marked its widest expansion during the post war years. The regional air activities have grown to the extent that most of the countries have their own domestic airlines but in addition there are connections between regional countries. In some countries like Ceylon, India, Pakistan and the Philippines, national airlines operate to Europe and America. Statistics for Ceylon, India, the Philippines and Thailand show that activities in each of these countries have increased.

VOLUME OF AIR TRAFFIC

	1938	1948	1949	1950 (Jan.-May)
Passenger Kms. (million)				
Ceylon	—	4.30	11.38	4.3
India	1.27	288.64	314.65	123.1*
Philippines .	2.54	174.88	—	—
Thailand ..	—	11.16	18.82	9.30†
Freight ton-kms. (thousand)				
Ceylon	—	19.56	87.59	51.00
India	468	5,868	10,532	7,548*
Philippines .	—	6,480	—	—
Thailand ..	12.0	202.8	347.10	201.4

* January-April.
† January-June.

In the regional network airlines of the countries which operate successfully are: Burma, to Thailand; Ceylon to India, Malaya, Pakistan; Indonesia, to Malaya and the Philippines; Malaya, to Burma, Indonesia, Indochina, and Thailand; Hongkong, to Malaya, the Philippines, Formosa, Thailand, Burma, British Borneo and Indochina; the Philippines, to Hongkong; Thailand to Burma, India, Malaya, Indochina, and Japan.

There are several countries which have entered into agreements with other countries but have not yet started operations. In some cases where countries have not entered into written agreements, mutual understanding and cooperation have achieved excellent results without agreements. Countries in the region are also engaged in aeronautical research, chartered flyings and aeronautical club activities. Many countries have established under the Ministry of Transport and Communications, civil aviation board or such pertinent committees to deal with the specific problems.

Countries in the region recognize the fact that all over the world successful operation of air transport services have been possible through the State giving financial or other assistance. By reducing the import duty on gasoline used, subsidizing large sums of money, operating training schools and sending students abroad and etc., Governments are trying to meet the essentials for successful operation.

There is another factor which has been considered equally important, that is to take advantage of the knowledge and experience of more advanced countries in aviation, by associating with international bodies like International Civil Aviation Organization, International Air Transport Association. Ceylon, China, India, Pakistan, the Philippines and Thailand are members of the International Civil Aviation Organization, a specialized agency of the United Nations. Many airlines are also members of the International Air Transport Association. IATA is making every effort to get the airlines to cooperate on a basis of friendship and try to find joint solutions to those problems which can be tackled together. In order to awaken the cooperative spirit, problems carefully handled by IATA of member airlines are, trade methods, taxation,

Hongkong Aviation Returns

for February 1951

	CIVIL AIRCRAFT		PASSENGERS		MAIL (Kilograms)		FREIGHT (Kilograms)	
	Arrivals	Departures	In	Out	In	Out	In	Out
Monthly averages for 1948	595	—	9,592	9,382	13,726¼	13,649¼	42,920	100,986
Monthly averages for 1949	1,062	1,057.5	12,246	13,312	13,842	14,576	237,690	272,656
Monthly averages for 1950	223	223	2,722	3,452	12,767	15,803	65,912	111,645
1951:								
January	246	248	2,715	3,789	23,342	26,701	119,113	123,201
February	205	212	2,436	3,197	25,574	26,468	112,559	102,997
Totals	451	460	5,151	6,986	48,916	53,169	231,672	226,198

January-February 1951:

Total aircraft in and out: 910; total passengers: 12,137; total mail: 102,085 kgs.; total freight: 457.9 metric tons.

technical standardization and etc.

Services of international airlines from Europe and America have greatly expanded in this region. New airlines like Braathen South American and Far Eastern Air Transport and Scandinavian Air System, have joined the British Overseas Airways Corporation, K.L.M. (Royal Dutch Airlines), Pan American World Airways, in expanding the Far Eastern routes. Bangkok has become a centre of air traffic with all these airlines calling at regular schedules. Results of the expanded services have been more closely knitted not only in the region but worldwide. Many more places are visited today which previously were isolated.

From the point of view of the expansion of civil aviation one of its goals is to bring air travel within the reach of middle income group. More people are now more air minded than ever before. If this spirit is allowed to grow by making it possible for the middle income group to travel by air, a prosperous future of this industry is obvious.

Hongkong Aviation Report for February 1951

	Arrivals			Departures		
	Passengers	Mails (Kgs.)	Freight (Kgs.)	Passengers	Mail (Kgs.)	Freight (Kgs.)
United Kingdom	92	9,024	11,734	200	5,011	4,921
Europe	80	296	7,654	153	103	470
Middle East	75	124	1,247	118	678	782
Calcutta	59	226	472	67	325	218
Rangoon	23	135	359	56	197	3,244
Singapore	236	1,515	19,171	237	4,669	19,539
Bangkok	371	1,232	30,393	434	604	10,493
Indochina	454	390	11,240	262	441	4,014
Philippine Is.	370	435	6,332	407	815	4,639
Japan	315	7,827	13,640	432	7,344	14,954
U. S. A.	21	—	986	172	1,695	1,617
Australia	57	3,090	5,027	101	3,491	714
China	265	1,173	4,239	334	896	36,249
Honolulu	12	—	2	58	55	1,097
Canada	6	107	63	166	144	46
Total A/C=205 ..	2,436	25,574	112,559	3,197	26,468	102,997

Total aircraft arriving: 205. Total aircraft departing: 212.

AUSTRALIA'S TRADE WITH THE FAR EAST

Value of Trade Between Australia & the Far East

Country	1948-49		1949-50	
	Imports £A	Exports £A	Imports £A	Exports £A
Burma	26,693	796,288	29,905	455,848
Ceylon	7,511,659	8,800,648	8,936,540	6,070,286
China	2,541,953	1,438,413	1,451,302	502,406
Hongkong	647,516	3,875,129	699,542	6,848,389
India	25,873,545	25,985,653	27,663,872	37,033,937
Indonesia	11,096,867	1,285,486	14,749,681	506,555
Korea	7	115,590	696	7,497
Malaya	4,028,056	6,101,038	4,925,712	5,566,194
British Borneo	4,144,837	362,225	4,578,160	411,318
Pakistan	120,120	2,272,791	1,227,751	362,213
Philippines	14,009	514,404	68,741	653,961
Singapore	4,655,364	7,362,372	7,307,809	8,071,369
Thailand	26,678	590,811	82,849	729,489
Laos, Cambodia and Viet-Nam ..	14,362	286,153	50,863	45,281
Sarawak and Brunei		Included in British Borneo		
Totals	60,701,666	59,787,001	71,773,403	67,264,745

Australia's total trade with Far Eastern countries during 1949-50 amounted to £A 139 million, or an increase of over 15% as compared with the amount of £A 120.5 million for 1948-49. Imports £71.8 million rose by 18.8% over £60.7 million for the previous year, and exports £67.3 million showed an increase of 12.5% over 1948-49 £59.8 million. The excess of imports totalled £4.5 million against an excess of £900,000 for 1948-49.

Trade with India led in amount of £64.7 million (1948-49 £51.8 m.); Singapore came second with £15.4 m. (£12. m.), followed by Indonesia with a total of £15.2 m. (£12.3 m.), Ceylon £15 m. (£16.3 m.), Malaya £10.5 m. (£10.1 m.), Hongkong £7.5 m. (£4.5 m.), British Borneo £5 m. (£4.5 m.), China £1.9 m. (£3.9 m.), and Pakistan £1.5 m. (£2.4 m.).

A favourable balance position was shown in respect to trade with India,—the export excess amounting to £9.3 m., as compared with an export excess of only £112,000 in 1948-49,—Singapore £763,000 (£2.7 m.), Malaya £640,000 (£2 m.), as well as with Burma, the Philippines, Thailand and Korea.

HONGKONG AIR SERVICE TO TAIPEH, (TAIWAN)

With effect from February 26, 1951, Hongkong Airways and Civil Air Transport, in joint operation, have arranged six services a week to Taipeh. The bookings are interchangeable and can be made through the B.O.A.C. office in Hongkong for either airline. On Mondays, Thursdays and Saturdays Hongkong Airways' DC-3s will operate, and on Tuesdays, Wednesdays and Fridays C.A.T.'s C-46s. In addition, Hongkong Airways provide a weekly DC-4 service to Taipeh on Wednesdays. The fares on either airline remain the same: Hongkong-Taipeh: single HK$400, return HK$720. Taipeh-Hongkong: single NTW$ 600, return NTW$1080.

THE POLITICAL SITUATION IN MALAYA

The sudden, violent and apparently organised mob actions of Moslims, mainly Malays, against Europeans in the streets of Singapore, last December, shook the most complacent mind and an alarmist feeling prevailed for many weeks after the rioting had been suppressed by timely intervention of the British army. How badly shaken was the morale of the business world of Singapore as a result of the long drawn out internal war in Malaya was demonstrated during and after the Moslim riots. The cause of these riots was ostensibly the outraged emotions of the Mohammedans — Malays, Indonesians, Pakistanis, south Indians (Tamils), Arabs—who took objection to the court ruling in the notorious 'Jungle Girl' (Bertha Hertogh) case. Whatever the merits or demerits of the court action were which eventually decided the return of that small girl to her Roman Catholic mother, taking her away from her Malay foster mother and her husband to whom she was married in accordance with the Islamic ritual, the majority of Moslims took offence and their almost proverbial ire when aroused and fanned by real or imagined slight to their religion found at last an outlet in mob violence. The most lamentable riots were however, entirely unpolitical, caused as they were by religious emotions in a heavily charged atmosphere of nervousness and tension, but the majority of the Europeans in Singapore wanted to find a different answer to their query as to the cause. So used were they to a life of political instability that the riots of last December had to be interpreted in political terms.

Meanwhile the events of last December have been judged with more sobriety and the real cause of them, that is the culmination of long smouldering objections by the Mohammedans to the official handling of the 'Jungle Girl' case, has been acknowledged as of no political significance. There have been introduced and are being confirmed certain reforms within the police organisation as during the riots it seemed to have been proved that the mostly Malay police would not effectively take action against a Moslim demonstration particularly when the mass feeling of aggrievement was largely shared by the rank and file of the Malay police. It is generally hoped that now Malay police efficiency will be improved and that no action in future will be taken which might cause the rise and accumulation of illfeeling by Mohammedans. The fact remains that the almost neurotic reaction of the public in Singapore revealed how seriously the general morale of the people had suffered in these last few years of a savagely terroristic guerrilla war.

The Communists and the Internal War

The Japanese occupation of Malaya (1942-1945) acted as a political ferment—as it did elsewhere in the Far East especially in the territories temporarily occupied by the Japanese. The politically conscious inhabitants of the peninsula had been agitating for many years prior to the outbreak of the last world war for constitutional changes without however achieving anything save promises which were neither offered nor received in good faith. A nucleus of communist inspired reformers had been growing which when the test came showed its mettle; the Japanese army of occupation was harassed by the communist led guerrillas to such an extent that they eventually were honored by the Allies and recognised as an important military factor in the Far Eastern war. The core and leadership of these anti-Japanese guerrillas were Chinese, mainly immigrants with significant support from Straits born Chinese; Malays and Indians were not frequently seen in the ranks of the guerrillas. When the Japanese surrender came the Allied South East Asia Command found a potentially hostile group of wellarmed, determined, largely communist indoctrinated fighters in Malaya who were not inclined to let the newly acquired power slip from their hands without achieving some palpable political reforms. The reform proposals by London were, in the end, not accepted by the communists and a situation developed during 1947 and the earlier part of 1948, particularly in Singapore, which forced the British authorities to attempt a showdown with communist led labor and their trade unions.

In the light of the subsequent events it appears now that not all the avenues leading to conciliation and compromise had been fully explored and that the government was not well advised when clamping down on the communist trade unions. The strength and fanatic determination of the leaders and the ranks of the Malayan Communist Party (MCP) have been grossly underestimated and even when the first few months of the insurrection had developed into an 'Emergency' a surprisingly confident attitude was taken by the governments in Singapore and Kuala Lumpur. Shortly after the inauguration of the Federation Government of Malaya on February 1, 1948, a controversial matter opposed by the majority of Chinese, being accompanied by more British declarations of the intention to promote self-government in Malaya up to the stage of Malaya becoming a full-fledged member of the family of British Dominions, there were increasing signs of unrest and of open challenge by the communists and their partisans of the ruling power. The authorities then made the fateful move of suspending the communist dominat-

ed labor federations which lighted the long prepared fuse. Internal hostilities broke out in June 1948 and ever since have terrorised the country and its citizens.

The MCP's fighting nucleus was formed by the 'People's Anti-Japanese Army', a paramilitary outfit of proved ability in guerrilla warfare, with considerable numbers of mostly Chinese youths joining the new crusade against the 'British oppressors'. Army and ammunition had been amply stored up from the war years, originating partly from captured and surrendered Japanese and from British and American war material supplies, given to the guerrillas during the anti-Japanese war. Slowly the British military authorities realised how bitter a fight was to be waged to crush the rebellion and it took them a long time before moving into top gear. But even with the massive array of military forces, police, volunteers and unchallenged domination of the air little headway was made as was proved during the period of the so-called bandit suppression month last year when instead of driving the guerrillas out of their hideouts the casualties suffered by the security forces rose alarmingly and the civilian population, mostly Chinese, was exposed to ever more shocking massacres. The MCP has meanwhile reorganised its forces calling them now, after approved pattern, the 'Malayan People's Liberation Army', an organisation closely resembling the Chinese communist guerrillas of the years prior to and immediately after the outbreak of the Sino—Japanese hostilities (1937). The control of the 'MPLA' is entirely in the hands of the MCP which has been consolidated after the victory of communism in China and the subsequent establishment of a 'People's Government' in Peking.

The rebellion would have been waged with even more telling effect if not for the lack of unity within the ranks of the communists—that is to say lack of unity between the Malays and the Chinese, the Indians (mainly Tamil estate workers) having joined the Chinese dominated MCP. In spite of all endeavors to heal the breach between the two racial groups the disagreement continues and has had a weakening effect on the MPLA. There are certain numbers of communist Malays (often not of Malayan but of Indonesian origin) to be found among the MCP and its terroristic army but the majority of Malay communists either desist from taking part, at this stage, in the internal war or they possess their own distinct organisation and military bands. It is suspected that the majority of Malay communists are opposed to the direction of the international communist movement, or conspiracy, by Moscow and are leaning towards Trotskyism if they not actually describe themselves as members of the fourth internationale. As in other sectors of life in Malaya, the cooperation between the Malays and the Chinese is difficult to achieve and in the communist movement this lack of cooperation has been indisputable from the very beginning of the insurrection.

The Indian communists in Malaya are working closely together with their Chinese comrades and many Indians have been found in prominent positions of the MCP. Two leaders of the MCP, the Tamils A. Ganapathy (executed in May 1949) and P. Veerasenan (shot at the same time) have been respectively chairman of the Pan-Malayan Federation of Trade Unions and chairman of the Singapore Federation of Trade Unions, and their following among the Tamils, in city and country, has been very large.

The internal war is now engaging an estimated 100,000 strong army, mostly composed of British troops, and has cost so far a real fortune. The communist guerrillas number, according to official estimates, only some 5000 men. This figure is however discredited and it is assumed that the actively fighting force of the MCP is probably double the estimate. The tremendous difficulties of the British forces can be gauged from the fact that Malaya is to about 80% primeval jungle, mountains and swamp, the whole are being approx. 51,000 square miles (a little larger than England without Wales). To assess correctly the strength of the communists in Malaya it must be understood that a large percentage of the Chinese population is 'neutral' in the current hostilities and that a fair number of mainly the immigrant Chinese and some local born youngsters are secretly supporting the MCP and its terroristic army. Very many squatters have been aiding the guerrillas with food, money, information etc. and this sort of thing continues to this day although more ruthless methods, adopted by the government much too late, have recently met with some success in suppressing the supply sources for the insurrectionists.

The Chinese in Malaya total about 2 million and in Singapore almost 750,-000. Few of the Chinese are actively and openly supporting the British authorities, the majority continues to play the dispassionate onlooker, ready to surrender to the communists if they happen to come out on top of the struggle; or to be loyal subjects of His Majesty if the insurrection will turn out a complete failure. The Malays are hoping that the British will finish the communists and they are, by & large, sincerely aiding the 'bandit suppression campaign'. That does not mean that they have made their peace with the British; but they want to see first the end of the internal war before they will press their demands for more and speedy constitutional reforms and the unqualified supremacy of the Malays in their own land. Numerically the Malays are now inferior to the Chinese taking Malaya (the Federation) and the colony of Singapore together. The total population of the Federation is almost 5 million of which 2.4 m. Malaysians (Malays and Indonesians), 1.9 m. Chinese, over half a million Indians. But Singapore's population of about one million is about 75% Chinese with relatively small numbers of Malays and Indians. It is therefore imperative for the Malays to exclude Singapore from union with the Federation, a wish fully shared by the British who have founded Singapore and have developed it to its present important position in trade, industry, sea and air communications. On the other hand, the Chinese oppose the separation of Singapore from the Federation fully understanding what it would mean politically if the two territories were united, the Chinese then being the ethnic majority although the Malays are the indigenous population.

With this background of a silent though often violent strife between the two main peoples living in the peninsula, the present rebellion assumes a more complicated character. The MCP with its terroristic army is both defying the British and the Malays—it proclaims as its goal the overthrow of the British rule and the establishment of a communist "people's republic . In such a state, if ever it comes to pass, the Malays would be relegated to an inferior position, the Chinese would run the country and with the backing of communist China would ignore any political aspirations of the Malays. Only few educated Malays and Indonesians are blind enough to throw in their lot with the Chinese dominated MCP, the vast mapority is actively opposed to the MCP not so much because of its political tenets but out of fear, a justified fear, to be swamped by the Chinese and to lose their birthright.

Relations between Malays and Chinese

Singapore was before its cession in perpetuity to the British (1824) part of the Riau-Johore kingdom, peopled by Malays. The island has a long history and has passed through prosperous periods, Malays have always settled there. In its now 126 years of existence as a British colony Singapore has lost its Malay character and has to all intents & purposes changed into a Chinese city. The Malays are playing an insignificant part in this city while practically all Singapore has become 'China Town'. In the Federation a slow but persistent process of 'economic infiltration' by the Chinese had been developing apace but the Malays have still maintained themselves to a remarkable degree, so firmly even that it is the Chinese who often charge 'oppression' by the Malays.

Today the situation is beyond repair; the Malays have become resigned to the fact that their land is to be shared by Chinese who are their superiors in trade and industry and many other

matters. What has been noticed, with some dark resentment, in the past is now felt more acutely as the spirit of nationalism permeates the peoples in Asia, and the Malays, having witnessed with jubilation the emancipation of the Indonesians from Dutch rule, are now dreaming of a new political future. They find however that, unlike in Indonesia, it is the European overlord who protects them and who promises that their future will be benevolently shaped, that the rights of the Malays to their native land will be promoted against any encroachments from a materially superior 'guest people'—the Chinese. Thus the cry of independence has not been heard of in Malaya though the educated Malay strongly desires it, at the same time realising the dangers to his people once the British rule is rescinded. Seeing the orderly advance of India, Pakistan and Ceylon, the Malays are convinced that Britain — postwar Britain under a Socialist government — will guide and assist them until the proper time has come for taking over, in the Federation, of the reigns of government. With the outbreak of the internal war, the hopes for speedier progress along the road of self-government had to be deferred, the assertion of British power and the rooting out of the Chinese led communists being the only goal for the near future. But political forces are meanwhile at work: there is planning and scheming for an all-Malay commonwealth comprising the peninsula, even including the Malay inhabited parts of Siam (Patani), and the Indonesian archipelago, a nation to be formed under the aegis of the Djocjakarta statesmen. Some political thinkers foresee such a Malay-Indonesian federation joining, as a free and equal member, the Commonwealth; this idea has only taken shape after the British granted complete freedom to India, Pakistan and Ceylon, and after these states had decided to remain members of the Commonwealth for the mutual benefit of all.

In Indonesia the Malays' political aspirations are endorsed especially as the leadership of the nation-to-be is to be vested in the hands of the politically more advanced Indonesians. The Malay rulers are of course not in sympathy with this movement fearing the loss of their inherited rights and privileges. On account of the stepped-up Chinese 'political offensive', the menace of the Chinese led guerrillas, the growth of financial power by Chinese residents and the realisation in Malaya, and elsewhere, of the potential interventionist power of Peking in overseas Chinese affairs, the politically-conscious Malays are tending ever more towards the idea and ideal of a Pan-Malay state. The question of Singapore does not exist for the Malays—at least not for the time being; it is deemed better from the Malay point of view that Britain remains in control of that island rather than the Chinese take over. But some increased measure of local freedom and reduced dependence on London would appear to be a popular demand among all racial communities of Singapore. The Malays having a very small stake in that city are however not greatly interested in the political advance in Singapore, being satisfied with the paternal rule of the British and the official policy which favors the economic ascendancy of the Malay people.

The Chinese in Malaya have made no secret of their opposition to any political scheme which would, in one form or another, aim at promoting Malay interests. Over the last 50 years the Chinese immigrants have contributed greatly to the welfare of Malaya and it is only fair to acknowledge that without them the country would be still more backward than it is today. Hard work and a superior sense for profit making, aided by an almost unbridled urge of acquisitiveness, put the Chinese in front so that today they are occupying all desirable positions in private business and own a very large portion of the country's wealth. In the recent past the Chinese obtained at least moral support from the Kuomintang government at Nanking and like in other Far Eastern countries where larger overseas Chinese communities exist were able to establish an imperium in imperio—much to the dislike of the other communities in Malaya. The repeated interferences by Nanking proved often a real nuisance to the British authorities but as the Kuomintang had no force to back up its demands and threats no harm was actually caused. With the assumption of power in China by the Communist Party, the policy of Peking with regard to overseas Chinese has continued in the previous channels. In order to win the favor of the Chinese abroad and also to inconvenience the British, Peking has assailed over the radio and in its vituperative press anything which was done in Malaya to both advance general Malay interests and to suppress the guerrillas and its willing or unwilling supporters. The Kuomintang (KMT) has been dissolved in Malaya but the organisation has remained intact though membership is very small. The MCP is an illegal body but it exists and wields considerable influence especially among the young generation and its membership comprises mostly Chinese with only a sprinkling of Indians and some Malays. Officially the Chinese in Malaya have formed an organisation which has no connection with China and is devoted to the promotion of racial harmony in Malaya; the 'Malayan Chinese Association', formed in February 1949, is now the official spokesman for Chinese interests in Malaya and Singapore and it has received blessing from the British and from the Malay rulers. How many Chinese consider this Association as the real representative of their national and economic interests is unknown but one may optimistically assume that the majority of the local born Chinese do so.

The real problem is the almost general refusal of the Chinese to assimilate themselves; believing that their heritage and culture is far superior to the one of their host people, they persist to behave like in China speaking the tongues of their native districts and learning Malay only for occasional use with Malays just as business men learn English to conduct business with foreigners. It has been found practically impossible to convert, as it were, a Chinese to a Malay and considering the cultural gulf between these two peoples—the Malay being on the average less civilised, more superstitious, often fanatically religious (Mohammedan), more illiterate and less energetic and ambitious—the lack of assimilation by the Chinese is understandable. From a lower to a higher level of civilisation it is easier to proceed and the Chinese, inspite of his devotion to tradition and convention, will eagerly follow other peoples if he considers their ways to be more advanced. When he comes into cultural contact with the peoples in South East Asia he, like the foreigner from Europe and America, will only in rare cases endeavor to assimilate himself to the new surroundings.

It is manifestly clear that a state though composed of two and more races or nationalities, cannot progress in peace and order unless the peoples inhabiting it are of the same culture. So long as Malaya is British the gulf, while existing between the Malay host and the Chinese guest, need not cause any anxiety as to the smooth operation of the machine of the administration but in case of self-government being accorded to Malaya the problem of living peacefully together will confront an emerging independent government. The eventual strife is shaping up and it is the responsibility of the British, under whose rule the settling of Malaya by Chinese started until today the immigrants are numbering more than the native Malays, to steer the ship of state into calm waters before they hand over the captainship to a new skipper. There are some utopian plans being made as to the development of the peoples of Malaya into one nation with one culture, and leading civic figures of the Malays and the Chinese sponsor such a movement. With the advance of modern education, emphasising science and a new philosophy of life based on the findings of international science, the emergence of a new nation in Malaya might be hoped for; the Chinese may be relied upon to be more amenable to give up their old ways of life in exchange for the new dispensation, but the Malays will require more 'indoctrination' if a fusion of the two peoples, with modern science acting as the catalyser, is to be achieved.

HONGKONG & SHANGHAI BANKING CORPORATION

ORDINARY YEARLY MEETING OF SHAREHOLDERS, MARCH 10, 1951

Statement by the Hon. Sir Arthur Morse, C.B.E., Chairman of the Board of Directors and Chief Manager

Profit & Balance Sheet

The net profit for the year, after making transfers to Reserves for Contingencies amounts to HK$17,247,704 which exceeds the corresponding figure for the previous year by just over HK$205,000. Including the balance of profit brought forward from last year, the sum available for distribution amounts to HK$22,606,787. It is recommended that an amount of HK$3,000,000 again be written off Bank Premises and after allowing for this amount, for the Interim Dividend of £2 per share and for the final dividend of £3 per share which is now proposed, there remains a balance of HK$6,699.224 to be carried forward to next year, an increase of HK$1,340,000 on the amount brought forward from 1949.

Balance Sheet: There has been a substantial increase in the amounts appearing therein and the total now amounts to over £216 millions, an increase of £47 millions over last year. This increase is almost entirely due to the rise in Current Deposit and other Accounts which now amount to just under £160 millions, an increase of £46 millions or approximately 40% over the corresponding figure for the previous year. Although this substantial increase is to some extent due to the inclusion under this heading of our liability for Drafts in Transit, previously deducted from the other Items in Transit, by far the greater part represents additional amounts deposited with our various branches throughout the East. These additional deposits are largely due to the general rise in commodity prices and also to some extent reflect the inflationary tendency throughout the world.

The rise in our deposits has of course resulted in a corresponding increase in the totals of our assets. Cash has risen by £8 millions, Money at Call by £9¼ millions and Bills Receivable by £29½ millions and consequently the more liquid funds of the Bank have increased by over £46 millions since last year. It should however be noted that Cash and Bills Receivable this year include Items in Transit which in previous years have been shown under a separate heading, and in this connection the item "Balance of Remittances, Drafts and other Items in Transit" no longer appears in our Balance Sheet. Of the remaining items Investments have increased by £1¾ millions and Advances by just over £4¼ millions but in view of the general rise in our figures these increases call for no special comment. The figure at which Bank Premises is shown is after deduction of the HK$3,000,000 which your Directors recommend be written off this item. It will be noted that this figure is slightly lower than last year and in this connection I may mention that the building programme to which I have referred in previous years is now nearing completion although further expenditure on certain of our premises may become necessary in the near future.

(The Balance Sheet of the Bank will be found on pp. 320/21)

Political Developments in the Far East

In view of the world political situation and the unsettled conditions prevailing in many of the territories where your Bank operates, your Directors consider it prudent to pursue a conservative policy and continue to build up our inner reserves.

Before I turn to my review of the various countries in which we operate, although venturing on dangerous ground, I can hardly avoid some reference to general political developments during the past year, which have concentrated attention on the Far East and have darkened the world outlook. You may remember that I uttered a word of warning about China in 1949, and at the end of my speech last year I said that the eastern countries would more and more be the focus of world attention. I referred also to the need for the United Nations and others to work towards eliminating the breeding grounds of discontent and revolution. However no one could have anticipated such quick action by "forces of aggression" as occurred last June.

Many of you will remember how in past years your Chairman of the day has at this meeting frequently commented on adverse political factors, which were sometimes local and internal, sometimes wide-spread and external. On each occasion our report showed that the Bank stood firm and had steered its way successfully through the political breakers. From 1941 to 1945 the Bank was, however, forced by the outcome of events to take refuge, as it were, from the passing typhoon and to rest on its oars. But not all of that time was wasted; preparations for recovery were made, and in 1945 we were able to re-emerge and indeed to start making up lost ground in spite of a still dismal and uncertain political outlook in many parts of the East. Since then the progress made in some of the British territories in the East has been remarkable and in Hongkong it has been spectacular beyond all expectation.

Now, once again, the barometer has fallen but I have no hesitation in asserting—and this is after all a mere commonplace which has been repeated again and again in recent years—that the great mass of the eastern peoples do not want to be disturbed, regimented, mobilized and driven into extravagant and ambitious campaigns against other peoples.

What I feel sure the Asian peoples as a whole want most of all—just like other people—is freedom from want, which means in the case of 70 to 80% of the population, freedom to grow their crops, to sell them and to buy the essentials of life in exchange. They understand little about Democracy, Socialism, Communism and Marxism, but they will naturally respond at once to any measures which promise a rapid improvement of their standard of living and freedom from the spectres of hunger and poverty. In short, they have always been critically dependent on the success or failure of agricultural production.

To meet such a state of affairs—this widespread fear of hunger and poverty —the two divergent forms of Government in the world (which for convenience we call Democratic and Communist) have different ways of tackling the same problem. There is a general consensus of opinion that, on the short-term view at any rate, many aspects of affairs in China have been improved by the internal policy adopted by the present rulers of China, while the expectations of the industrial workers have been raised and in some cases gratified. It would however be interesting to compare the pre-war conditions—for instance from 1935 to 1937 — with those existing now, and what the longterm holds in view remains a speculation.

British and American Assistance for Asia

In South East Asia as a whole all countries are "anxious to grow strong and healthy on democratic lines". So said that great statesman Mr. Senanayake, the Prime Minister of Ceylon, in a B.B.C. broadcast in January. Some of the new post-war systems of government have so far been unable to improve the lot of the people. The problems vary from country to country and are complicated by many factors which it will take time to solve, but I want to stress the constructive steps which are proposed and in some cases have been set under way, whereby the democratic nations and particularly the British Common-

wealth and the United States are tackling these problems which if not faced will lead to increasing discontent and misery in extensive areas throughout Asia. The steps under way may not be spectacular but without endangering political, economic and personal freedom they will give more value in a practical, evolutionary, and methodical way than can be obtained by the professedly revolutionary ways of proceeding to this end which are being adopted by the other camp.

I refer especially to the report by the Commonwealth Consultative Committee known as the Colombo Plan for Co-operative Economic Development in South and South East Asia, which was presented to Parliament last November. Combined with this is the very important Council for Technical Co-operation which is to organise technical assistance for the countries of the same area. This is not the occasion on which to enlarge on these proposals. Setbacks and difficulties are bound to come but if the Commonwealth and its friends will really press forward this thing as a matter of urgency—and I emphasize the urgency—in spite of the preoccupation of rearmament, then it will indeed prove to the world that it has established "a genuine bridge of understanding between East and West."

At the same time the United States Government has been proceeding with its own aid to Asia; recently it has taken a very welcome first step towards joining in the Colombo Plan. The required external financial support amounting to some £1100 millions in the six year period is, as the Report of the Commonwealth Consultative Committee says, manifestly not a task which can be tackled by the Commonwealth alone. Perhaps some co-ordination will be possible with the various ways in which American aid for Asia is being provided. As you are aware, President Truman's "Point Four" programme visualised help for the areas of the world needing "more food, more clothing, more material for housing and more mechanical power to lighten their burdens" in much the same way as the Colombo Plan. The aid supplied to Asia by the American Economic Co-operation Administration has also kept in mind many of the same objects and in making its grants the ECA has paid particular attention to agricultural rehabilitation while also giving heed to the most important industrial development projects in the countries succoured.

Finance put up for Asia by the International Bank and by the Export-Import Bank of Washington is in rather a different category. The International Bank has recently made substantial loans to India and Thailand for projects which when completed will benefit the economy of these countries very considerably and the extension of such finance is likely to become of greater importance as time passes. In a similar way last year the Export-Import Bank of Washington established a credit of United States $100 millions for Indonesia to finance the purchase of urgently needed capital goods and that Bank's activities in the East seem likely to be expanded and its loans to be liberated from their "tied" clauses relating to purchasing goods therewith only in the United States—a very important development which was recommended by Mr Gordon Gray in his report to President Truman last year.

I have spoken so far of plans and hopes which might come to fruition under political and economic conditions in a normal world, by which I mean a world which is not involved in a full-blown war. Such a catastrophe one does not like to think about. If political blunders and misunderstandings bring things to such a pass, then naturally all hopes of betterment for the peoples of Asia and the world as a whole will be set back, if indeed they are not completely destroyed for ever.

On January 12th the Commonwealth Prime Ministers in their joint communique issued in London stated:— "We would welcome any feasible arrangement for a frank exchange of views with Stalin or Mao Tse-tung." The outlook is dark and we can only hope that perhaps this year we may yet see the fulfilment of this idea and the liberation of the unfortunate Koreans from their appalling sufferings.

* * *

I will now go on to refer to some of the day to day problems which have faced us during the past year in the countries where we have interests.

Hongkong

The speech of His Excellency the Governor when he addressed the Legislative Council on March 7th, and the Budget Speech of the Financial Secretary on the same day dealt with so many of our Hongkong problems that I am afraid I can hardly avoid covering some of the same ground. However shareholders of the Bank are scattered all over the world and as they will each receive a copy of my speech it may be of interest to them if I make a few comments on Hongkong affairs at the risk of being repetitive.

If we ignore the impact of political developments such as the Korean war and for the moment pass over the American embargo and "freeze", the outstanding feature of the business year here has of course been the remarkable foreign trade figures for the port of Hongkong. Exports of merchandise increased 60% over 1949 to HK$3716 millions. Imports increased 38% to $3788 millions and the total trade was equivalent to nearly £470 millions. The significance of these figures — although large — must not however be exaggerated. It appears from the Statistical Summary in the Government Gazette that the volume of trade as represented by commercial cargo tonnages has only risen about 24% over 1949. That is an increase of trade in one year not to be despised, but, as I mentioned last year when commenting on the record rise over the previous year, the special reasons for this boom in Hongkong must not be overlooked.

Much of Hongkong's increased trade has obviously been due to the virtual closure of the port of Shanghai and to the restricted use of some of the other China ports for part of the year. Thus, much of China's trade, both inwards and outwards, which would normally by-pass Hongkong and be shipped by direct routes to and from America, Europe and elsewhere, has again come here and has been re-shipped after being recorded in the local returns of trade. The same procedure has been adopted in certain other cases and particularly with a considerable amount of our two-way trade with Japan which last year gave us nearly three times higher figures in terms of Hongkong dollars than in 1949. Incidentally a fair proportion of this Japan trade accounts for the fact that the Hongkong returns show that cotton exports (raw cotton, yarn and textiles) were valued at over $1000 millions, 63% more than in 1949 and over a quarter of the total exports, while cotton imports were 46% higher than in 1949. On top of this it must be remembered that commodity prices increased considerably in 1950. The Board of Trade wholesale price index rose about 21% in 1950 and basic commodities rose no less than 85% in the year.

These explanations will serve to show that considering the extensive area Hongkong has served the trade figures are not at all excessive. However it is certainly correct to say that Hongkong has had a very active year and it is not difficult to enumerate a number of record developments.

The Revenues and Expenditures of the Colony reached record figures in the last fiscal year 1949-50, and, as we heard from the Financial Secretary, there has been a further rise in the current year. In view of the enormous trade figures it is not surprising that revenue should be considerably above the estimates for the present fiscal year ending March 31st, and it is very satisfactory that it has been possible to meet out of current revenue the sum of HK$50 millions which had been charged to "Advances pending Raising of Loan". The flotation of a second tranche of the 1947 Rehabilitation Loan is of course not possible at the present time and none of us would wish to see the allocations for rehabilitation suspended for that reason. The contribution of HK$16 millions by the Colony to the cost of the Garrison is another expenditure which I am sure we all feel is one we must cheerfully pay.

The outlook for the coming fiscal year is uncertain and the Financial Secretary is right in taking a conservative view in preparing his budget.

For the fact that the finances of the Colony are now in a most satisfactory condition, we have to thank our Financial Secretary, Sir Geoffrey Follows, who came here at the liberation of the Colony and had to start from scratch with no standards of comparison, with very much to be done in the way of repairs and re-equipment and with considerable uncertainty as to what revenue would be collected. We have every reason to be grateful to Sir Geoffrey for the magnificent work he has done here in the past five and a half years and it is with real regret that we now have to wish him farewell, as he will shortly be leaving Hongkong on reaching retiring age. I would add that we were all delighted when he received his Knightood in the last New Year's honours list. It was an award which was very fully deserved.

A few further instances will show what a busy and industrious time the Colony has experienced in the past year. The Hongkong Clearing House figures are a record some 30% above last year which was also a record. The figures for the year were HK$14,394 millions, equivalent to nearly £900 millions and about £266 millions above the total of Liverpool, the largest Provincial Clearing House in England.

The monthly average of electricity production in 1950 as indicated by kilowatt hours increased over the monthly average of 1949 by nearly 35% while gas manufacture and distribution increased nearly 26%.

A record number of registered factories were working at the end of the year. Another record was the population of the Colony which at one time last year reached its peak of over 2,300,000 persons and is still probably over 2 millions. This has not unnaturally caused increased passenger traffic on trams, ferries, buses and trains which in each case reached record figures during the year. The numbers of cars and trucks now registered in the Colony have also never been so high. The railway has had a record year; 1½ million more passengers were carried in 1950 than in 1949 and freight and revenue also increased remarkably. Shipping tonnages have not yet touched the pre-war heights and fell off slightly towards the end of the year as a result of the American embargo, but the average monthly volume of commercial cargo possibly reached its all-time peak point during the year.

Other records could be mentioned but I have said enough to give some idea of the conditions which have existed in Hongkong during the past year. At the same time I am glad to be able to say that the retail price index for clerical and skilled workers was kept down. On the basis of March 1947 the index for the first quarter of 1950 was 113, but at the end of the year the figure was down to 108 due mainly to lower essential food prices. This year I am afraid we shall see higher prices here, as everywhere else in the world.

Last year was a quiet one on the labour front but there is a danger of some unemployment developing if the American embargo on essential raw materials is not speedily relaxed. At the end of 1950, in spite of the boom conditions in the Colony the note issue had increased less than 1% since January 1950.

The increase in the Garrison Force was of course warmly welcomed by all sections of the population in Hongkong. I hope that we have adequately shown our appreciation of their presence by the attempts made to provide recreational facilities. They certainly deserve whatever can be done in this direction.

Finally as regards Hongkong's future I want just to remind you that His Majesty's Government have not wavered in their determination to maintain the position which you and I and our forebears have built up with such hard work and persistence over the past century. Perhaps you remember what His Majesty the King said in his broadcast last Christmas when he reminded us of Bunyan's "Pilgrim's Progress" and urged the British peoples to resist any temptation to take "Faint-heart" as their friend and guide. I am convinced that here those who form the staunch backbone of Hongkong will stand firm against this temptation.

I must now say something about the American embargo and "freeze". Much could be said on this subject but I will confine myself to a short resume of the position. The authorities both here and at home are, I am sure, doing the best they can for the Colony in their negotiations with the United States Government.

You will remember that in December last we were all faced with the serious crisis which arose from the extension to the Colony of the drastic economic measures which the United States Government directed primarily against China and the Soviet bloc. In order to close the door firmly against any assistance to China's economy the United States Department of Commerce by a series of measures extended to Hongkong and Macao the ban on the transportation or discharge by American ships or aircraft of strategic materials shipped from or transhipped through the United States. It also totally prohibited without licence the carriage to, or discharge at, Hongkong of any goods of any origin, which might be suspected of being in transit or ultimately destined directly or indirectly to any point in China.

The sudden application of these measures without warning led to the disruption of contracts already made and a good deal of uncertainty and confusion. It also upset the industry of the Colony by depriving it of cotton and other raw materials essential for its own needs and for its exports to markets outside China, and it jeopardised the livelihood of its workers and the indispensable functions served by this great port. So far as I can gather the American authorities are still refusing licences for exports to Hongkong of practically all the more important commodities required by our industries. If this continues local factories will have to depend on other sources of supply however difficult this made be, but I am assured that our own authorities will give them every assistance they can. Obviously such an unfortunate and indeed undesirable state of affairs should not be permitted to exist.

The embargo on commodities was supplemented by the Foreign Assets Control Regulations issued by the United States Treasury Department. These regulations were designed to stop the finance by means of United States Dollars of any shipment from any country to China and North Korea and to prevent any benefit accruing to the Governments of those countries, or their residents or agents, from the use of assets and funds which they might have in the United States. Consequently all assets and funds in the United States of what may be called blocked nationals were frozen and no transaction was permitted which involved a transfer of credit or a payment in United States Dollars, whether by book entries or otherwise, in which a blocked national had any interest directly or indirectly.

The extensive powers given under these regulations had a very serious and world wide effect on contracts made and credits opened before the date on which they came into force. They gave rise to difficulties and embarrassment to banks whose own and constituent accounts in the United States might, according to the interpretation of the United States Treasury, be considered as containing any funds in which a blocked national might have any direct or indirect interest.

We have endeavoured to the best of our ability and with the utmost frankness to comply with the strict terms of these regulations. I trust, however, that I shall not be deemed lacking in appreciation of the urgent motives which impelled our American friends to apply these measures if I stress the vital danger of undermining confidence in the absolute obligation and ability of banks to honour their commitments under commercial credits on which the whole vast system of the world's trade has been built. To plunge the sword into the delicate texture of international trade and finance may cause irreparable injury and shatter faith in the sanctity of contract.

We cannot therefore see eye to eye with the United States Authorities in regard to the embargo or "freeze." Indeed American policy in the Far East during the past few years has laid itself wide open to criticism, especially in the recent attitude in regard to Hongkong which has revealed much lack of understanding about this British Colony, about the measures of control already in force here and about what is of importance and what is of small account in matters of international trade. Yet we should be the last to claim that our own policy has always been blameless. So while stating our own case firmly we must try to minimize our disagreements and rather keep in mind the magnitude of the United States contribution to post-war rehabilitation and to security in many parts of the world. Our divergencies have little substance in comparison with our strong friendly feelings for these our cousins.

China

In China we have maintained our offices at Shanghai, Tientsin, Peking, Tsingtao and Swatow throughout the past year. They were of course restricted in their operations and continued to be a liability, financial control being strictly maintained by the authorities.

I am glad to say that general conditions for members of our Staff were reasonably satisfactory although they have in some cases been subject to inevitable strains and stresses. The cost of living in China ports generally has been kept fairly steady.

Lack of economic data, close control over the press and the consequent paucity of information about the interior make it useless for me to try and give a reliable and trustworthy picture of the over-all economic and financial situation throughout China during 1950. No official Chinese Customs returns are available for the year but the Peking radio announced not long ago that Chinese exports exceeded imports in the first ten months of the year by 32% and that State trading organisations were responsible for 54% of exports and nearly 70% of imports. It has also been announced recently that 85% of industry in Manchuria is operated by the State. These percentages are significant.

There is nothing I can usefully add to what I said last year about China's Railway debts and other financial obligations which must still be held in suspense.

Malaya

Malaya has had a sensational and perturbing year. Sensational, because of the rapid rise in prices of rubber and tin from 15d. a pound and £600 a ton respectively at the end of 1949 to 4/7d. a pound and £1157 a ton at the end of 1950. Perturbing, because of the continued failure to make substantial progress with the suppression of the criminals who have caused the "emergency." The prosperity of the rubber and tin industries has had a very favourable effect on the economic and financial situation of this country, but by way of contrast and contrary to our expectations and hopes, the constant guerilla attacks on life and property throughout the year have been alarming in their boldness and frequency, while a new feature has been the extension of the campaign to the city of Singapore. Many rubber planters and tin miners (especially those in the more isolated areas) have again been under great strain; their employees have been subject to various methods of pressure and extortion; frequent ambushes have taken place and a considerable number of casualties have been suffered. The steadfast courage displayed by these people and their wives deserves the highest praise.

The visit to Malaya last June of Mr. James Griffiths, the Secretary of State for the Colonies, and his colleague the Minister of War, was welcome and wise. We hope and expect that as a result of what they learned about the country, its problems, progress and potentialities, His Majesty's Government will at length give the very highest priority to getting the "emergency" cleared off the slate.

The situation still contains very dangerous possibilities in spite of the feeling that progress has recently been made. The Federation Government will therefore get every support if they use to the full the wide powers which they obtained a few months ago and if they make it clear to the people of Malaya that manpower, money and time will all be concentrated in the first place on the suppression of terrorists. This would mean that any unessential economic and social development plans should as a consequence take second place and proceed more slowly than the Government or people might desire. I do not at all suggest that the Government should suspend what the High Commissioner has called "the battle against illiteracy, poverty and all those conditions of social discontent on which Communism feeds." In fact, provided that the Briggs campaign would not suffer by the diversion of personnel and funds, it would be all to the good to proceed as rapidly as is feasible towards the more practical of the objectives laid down in the draft Development Plan for 1950-55 (which I presume may now be absorbed into the Colombo Plan) and towards steady political and constitutional progress.

On the other hand the vigorous steps which have been taken to move and resettle squatters are more likely to get quick results in improving social and economic conditions, even though the expense has been great and is likely to be greater in the present financial year. The Federation Govrnment rightly place great emphasis on this very large problem, which is already getting satisfactory results. I need hardly say that there is absolutely no foundation for the Peking radio attacks which have falsely asserted that Chinese squatters are persecuted or ill-treated. In fact they benefit very considerably by being settled in conditions far better than they have previously experienced.

The finances of the Governments of the Federation and of Singapore have in both cases improved vastly as a result of the increased receipts from duties on rubber and tin. Expected deficits for 1950 estimated as $7 millions and $2 millions respectively were actually turned into surpluses of $47½ millions and $14 millions. In 1950 about $126 millions of all expenditure by the Federal Government was on account of Defence and the Emergency: in 1951 it is estimated that about $158 millions will be on this account.

Unfortunately there are clear signs of inflation in the country. For instance there have been rapid rises in the prices of foodstuffs and general commodities in recent months, and currency in circulation increased to $650 millions in January 1951 as compared with $402 millions in January 1950. Allowance must be made for the general increase in world prices during the last half of the year but even so that situation needs watching and I am glad to know that serious consideration is being given to ways and means whereby inflation may be kept in check.

In spite of the fact that the world rubber production in 1950 was a new record, and in spite of the United States' order limiting the use of natural rubber, which came into force in November the price of rubber has continued to rise. This is causing close attention to be given to replanting programmes in Malaya.

The Malayan Tin industry effected another rise in production in 1950 to a total of over 68,700 tons, nearly 10% above the previous year. The mining companies are seriously worried at the hold-up in prospecting for new areas of development as a result of the emergency, and both producers and consumers are anxious about future prospects. It is obvious that violent fluctuations in demand and price are most unsatisfactory. Stability for both the tin and rubber markets is of the greatest importance. Last year tin and rubber exports from Malaya accounted for well over half of the total value of the export trade.

In 1949 Malaya's trade showed an adverse balance equivalent to nearly £20 millions. In 1950 there was a favourable balance of £125 millions, and the favourable balance with the United States was equivalent to no less than £112 millions. These are noteworthy figures and emphasize the significance of tin and rubber for the British balance of payments.

North Borneo

The Colonial Government of North Borneo are to be congratulated on publishing a short preliminary report for 1950 before the end of January 1951. This showed that export and import

values increased 93% over the previous year while the favourable trade balance was equivalent to over £5 millions. The local production of rice, rubber, coconuts and hemp all increased and the finances of the Colony have as a result improved. Unfortunately the country is at present much too dependent on rubber exports which were 43% of the total. Town plans for Jesselton and Labuan have at last been published and we hope that applications to start new buildings will be rapidly approved and that our offices in this territory which are making steady progress will be suitably housed in the near future.

Speed in development is needed in Borneo as elsewhere and more labour is a matter of urgency. The Minister of State for Colonial Affairs stated in November that steps were being taken to see how this situation could be improved, but while indicating that labour was not to be obtained from China, he did not say from where else it could come. Interest in the potentialities of the Colony will not be actively aroused until houses and labour are more freely obtainable but I do not doubt that the country has a promising future.

India

During 1950 India was overshadowed by several dark clouds and these unfortunately made the economic situation unhappy. There was the unsettled dispute with Pakistan about Kashmir and trade dislocations caused by the impass regarding the exchange rates between the currencies of these two countries. There was also the critical food situation largely caused by natural calamities.

On the other hand there have been and are some cheerful factors. The "No War" declaration about Kashmir by Prime Minister Nehru was genuinely helpful. The United States seems likely to come to the rescue by providing food supplies to meet India's urgent needs. The importance of a rise in agricultural productivity is fully realized by the Indian Government and is being tackled seriously. Now recent reports state that a new Indo-Pakistan trade agreement has been signed and that India has agreed to accept the ruling official rate of the Pakistan rupee. As a result we may hope for much better commercial relations between the two countries in the coming year.

Sterling balances have increased and satisfactory arrangements have been made with His Majesty's Government for releases of sterling in connection with the Colombo Plan which will in itself be of great assistance to the country. The International Bank has granted a further loan for the Damodar Valley Project; two internal loans of Rs. 15 and 30 crores were floated successfully by the Government of India and a 'Point Four' technical aid agreement was signed with the United States in December. All in all there are bright hopes for the future if the immediate difficulties can be warded off.

Before I pass on I must mention a case of considerable importance to us which is now being submitted to the Supreme Court of India. It relates to an award by the All India Industrial Tribunal which directed that annual bonuses be paid to Bank employees calculated according to the proportion which the total dividend bears to the paid up capital. It is estimated that in our case such bonuses would call for payments of something like 20 months pay to each employee each year based on our present dividend. I will say no more as the case in sub judice.

Ceylon

Like other countries in South East Asia, Ceylon has benefited by the recent increase in prices of its primary products such as rubber, tea and copra. In 1950 exports exceeded imports by Rs. 394 millions, whereas in 1949 the favourable balance was only Rs. 33 millions. However, the economy of the country is dangerousuly dependent on a few main export commodities particularly rubber and tea. For this reason the development programme for Ceylon aims at bringing about increased economic stability by diversifying the output of the country and especially by the expansion of food production. The balance of payments shows a small surplus and two issues of internal Government loans were floated successfully during the past year. Conditions are generally satisfactory in this prosperous and promising island and I hope that every effort will be made to push ahead with its development while the present favourable economic situation continues to exist.

Burma

Reports from Burma give a better account of the internal situation. Sporadic outbursts by various assortments of insurgents still occur but the main rebel forces appear to have been scattered. It is particularly satisfactory that rail and river traffic has been restored as far as Mandalay as this has opened the way to a flow of trade to Rangoon. Rice exports were well over the estimated tonnage last year and as good a season or even better is expected this year, but there is still a long way to go before exports reach the pre-war level of 3½ million tons.

Considering all the circumstances the financial position of the Government is not unsatisfactory. The budget for 1950/51 showed a small deficit of just over nine million rupees but during the year the Government received a Commonwealth Loan of £6 millions as a reserve against possible currency expansion and an ECA grant of United States $8 to 10 millions under an agreement signed on September 13th which provided for aid in respect of agricultural developments, transportation improvements and other practical projects. The country badly needs further foreign capital but reasonable safeguards, suitable incentives and fair prospects are first needed to encourage business investment. Our Rangoon Office is progressing very satisfactorily.

Indochina

Considering how wide-spread political unrest and military activities have been in Indochina throughout the whole of the past year, it is surprising that the ports of Saigon and Haiphong have been able to do as much business as we have seen transacted. The task of General de Lattre is a difficult and very important one; much depends on what measure of success he obtains within the present year. The agreements which were concluded last November gave the three States of Indochina administrative autonomy within the French Union but it will still take time to build up genuine national economic and military organisations strong enough to stabilise the country. However the assistance being contributed by the United States of America will prove of the greatest value.

Indonesia

Indonesia has not yet fully settled down although the general trend throughout the year has been towards a gradual betterment of the political and economic situation. Credit for the progress made must be given to the Government of Mr. Mohammed Natsir which has followed a realistic policy and has handled some difficult problems with firmness and common sense. There has more particularly been satisfactory progress in economic and financial matters and in this the country has been greatly helped by the high prices obtainable for many of its important export products such as rubber, tin, copra, sisal, tea and pepper. The budget estimates for 1951 show an expected deficit of Rupiahs 987 millions as compared with a deficit of 1736 millions in 1950. It is not yet possible to look to the future with great confidence owing to the continued existence of a large body of extremists and malcontents especially in the labour unions, but the more the economic conditions improve the greater the likelihoed of stability. Here again the generous financial help provided by the United States of America will undoubtedly by of great value.

Thailand

Business conditions have been satisfactory in Thailand during the past year thanks to a quiet political situation and the advantages of good prices for the main exports of the country, rice, rubber, tin and teak. Rice exports reached 1½ million tons; rubber exports are estimated to have been about 110,000 tons and tin exports 14,000 tons. In these three cases the figures are at length up to or above the average pre-war level and it may be considered that the country has now fully restored its economy from the effects of the war. The recovery of Thailand's trade with Japan has been particularly noticeable and a new trade agreement between the two countries was signed on Decem-

ber 27th which provided for two-way trade to a total value of United States $110 millions during 1951. The International Bank has, during the past year, granted loans to Thailand totalling over United States $25 millions for irrigation, harbour development and the expansion of communication services. The American ECA has also provided loans for various technical projects which will undoubtedly be of considerable benefit to the country. I am glad to say that an agreement has recently been reached with the Thai Government for a lump sum settlement of British Commonwealth war claims. Our office in Bangkok continues to make excellent headway.

Philippine Republic

In the Philippines the Hukbalahaps continue to be a constant source of anxiety to the Government. There has been a further tightening of economic controls during the year and the international reserve of the Central Bank recovered from United States $220 millions at the beginning of the year to $290 millions but the Government's Budget deficit for 1950 was the highest since the war.

The Bell Mission report made a considerable stir when it was made public last October. Many of the recommendations put forward, and especially those relating to agriculture, are of great importance to the proper development of the country and the outside world will watch the progress with keen interest as reforms of the nature proposed may have far-reaching reactions on other countries in South East Asia. It is fortunate that a start on these reforms is beginning, so I understand, just at the time when the Islands are likely to benefit considerably from the increased prices of their primary products. Indeed the outlook for producers of copra, sugar, hemp and tobacco, amongst other commodities, is already excellent. The crux of the situation lies in the improvement of the standard of living and the real wages of those engaged in agriculture.

Japan

During the past year the United States occupation authorities have laid much stress on the importance of accelerating Japan's industrial rehabilitation to enable it to resume its role as a supplier of capital goods to South and East Asia and of textiles and other less essential manufactured goods to countries all over the world. And indeed rapid strides have been made in Japan's industrial recovery during 1950. The index of industrial activity has recently been more than 20% above the 1932-36 basis and mining, machinery and chemical production have in each case made marked progress. Steel and pig iron production have been increasing rapidly and have recently been 70 to 80% higher than in 1949. Textile production is still comparatively backward but it appears to be now roughly double that 1949 average. Japan is now no longer subject to any restrictions on her spindelage but there seems to be little likelihod of a speedy increase in the present number of spindles in operation which is still probably below 4 millions.

Foreign trade figures have improved and in the second half of 1950 the adverse balance of trade turned favourable, but progress would have been slow were it not for American needs in connection with the war in Korea and the rise in world prices. As it is Japan is now acquiring United States Dollars for many goods and services provided for the Korean operations while the increase in the prices of raw materials produced by South East Asia, by improving the purchasing power of the countries in that area, is assisting Japan's chief export industries.

Japan's relations with China in regard to trade have in years past always been a factor of importance in considering her balance of payments and of trade. China's coal, salt and soya beans —to mention only a few items—are much needed and although supplies may be available elsewhere, the longer hauls and shipping difficulties may be a serious handicap. Although a ban has recently been imposed on many exports from Japan to China, Hongkong and Macao, I understand that shipments of certain cargoes to and from China are continuing.

The new Sterling Area Trade Agreement replacing the previous agreement was signed on November 29th to cover the year ending June 30th 1951. The agreement envisaged probable purchases by the Sterling Area participants of £92,600,000 worth of Japanese goods and purchases by Japan of an equivalent amount but including an unallocated reserve. Pakistan did not participate in the above but made a separate agreement with Japan on September 14th 1950 covering an exchange of trade for approximately £35 millions each way.

There have been some difficulties over the financing of sterling area trade largely because of the very complicated procedure which is required by the authorities in Japan but a simpler method is now I believe under consideration. A great deal of the foreign trade of the country is conducted at present under various two-way accounts which give a lot of trouble to banks and to the Government offices concerned.

Our offices in Japan have again had a very busy year; their activity has increased as trade recovery has progressed. At Kobe a new banking office was completed and opened on May 1st. We have also opened a small accommodation office at Osaka to facilitate our connections with merchants established in that busy centre of trade. We and the other foreign banks are still financing an abnormally large volume of trade owing to the special conditions existing in Japan.

During these last few weeks the question of the conclusion of a Peace Treaty with Japan in the near future has loomed large. The United States Government have naturally taken the initiative but the Commonwealth Prime Ministers made it clear last January that they too believed that the early conclusion of a Japanese peace treaty was an urgent need. I am glad to see from the Press (and I hope it is true) that His Majesty's Government does not propose to let slide the question of war claims against Japan.

INTERNATIONAL GOLD MOVEMENTS AND MONETARY RESERVES

In the fifteen months since September 1949, immediately following the devaluation of sterling and numerous other currencies, through December 1950, the United States sold about 1.8 billion dollars' worth of gold to foreign countries. These sales marked a sharp reversal of the previous years' gold movements, which had brought to the United States from abroad a net total of 5.4 billion dollars between the beginning of 1946 and the end of September 1949.

Of the 1.8 billion dollars of gold sold by the United States during the fifteen months following the currency devaluations, only about 350 million was sold during the nine months ended June 1950, while about 1.5 billion was sold in the six months from July through December. This acceleration in United States gold sales reflects in part merely a more rapid conversion into gold of dollar balances acquired by foreign countries. For the rest, it reflects the more rapid acquisition of dollars by foreign countries which has resulted mainly from the swift rise in the prices of basic commodities and in the aggregate value of United States imports since the beginning of the war in Korea.

Just as in earlier years it was the practice for monetary authorities to sell gold whenever they needed to replenish dollar balances that had fallen below customary levels, so now it is common practice for them to convert into gold any dollar balances that are in excess of these levels. From October 1949 to September 1950, however, foreign countries' dollar assets increased by 2 billion dollars despite the fact that they purchased gold from the United States during these twelve months to the extent of 1.1 billion. By buying and selling gold freely at a fixed price in transactions with foreign monetary authorities for all legitimate monetary purposes, the United States maintains an international gold bullion standard which enables the dollar to serve as a fixed point of reference for all other currencies.

Of the total net sales of gold to foreign countries by the United States from October 1949 through September 1950, 58 percent represented sales to the sterling area. Sales to ERP countries other than the United Kingdom made up 17 percent of the total, and sales to Latin America 16 percent. Despite this outflow, the monetary gold stock of the United States, which amounted to 22.7 billion dollars on December 29, 1950, still represents almost two thirds of the world's central monetary gold reserves, exclusive of gold reserves held by the USSR.

All transactions in monetary gold between the United States and foreign countries are conducted through official channels, and as a rule they are reflected in changes in the central monetary reserves of foreign countries. Besides the gold purchased from the United States since the fall of 1949, foreign countries as a whole (excluding the USSR) have also added to their reserves that portion of current gold output that was neither absorbed by the arts and industry nor acquired by private hoarders. In 1949, of some 750 million dollars of gold mined outside the United States and the USSR, somewhat less than 300 million seems to have found its way into foreign monetary reserves, while 230 million was sold to the United States. In 1950, gold output outside the United States and the USSR amounted to some 775 million dollars, but it is still too early to make a reliable estimate of the portion of this newly mined gold which went into the central monetary reserves of foreign countries.

Countries other than the U.S. as a whole (excluding the USSR) increased their official gold stocks in the twelve months ended Sept. 1950 by 1.6 billion dollars to a total of about 10.6 billion. Of the increase, almost 300 million took place in the last quarter of 1949, about 550 million in the first two quarters of 1950, and about 775 million in the third quarter of 1950. In contrast with these gains, foreign countries lost 1.2 billion dollars of gold in 1948, and 2.4 billion in 1947 (exclusive of gold contributions to the International Monetary Fund totaling 670 million). In the first three quarters of 1949, only a small amount of gold was lost by foreign countries.

The recent pattern of gold transactions can be better understood if account is taken not only of the gold stocks which foreign monetary authorities own, but also of the dollar balances and some other dollar assets which are held in the United States on both official and private foreign account. The appended table shows the changes in gold and dollar assets held in the U.S.A. during the twelve months ended September 1950; June 1950 data are also given in order to distinguish the pre-Korean and subsequent developments.

Gold and dollar assets of foreign countries increased from 14.7 billion dollars in September 1949 to 18.2 billion in September 1950, or by 24 percent. Of this 3.5 billion dollar increase, 1.9 billion occurred between the currency devaluations of September 1949 and the outbreak of the Korean war, while 1.7 billion took place during the first three months of the Korean hostilities. In September 1950, however, foreign gold and dollar assets were still 12 percent less than the 20.7 billion dollars to which they had amounted at the end of 1945, before they began to be seriously depleted under the impact of the postwar dollar disequilibrium. On the other hand, the September 1950 total was 25 percent higher than the postwar low of June 1948, three months after the beginning of the European Recovery Program, when foreign gold and dollar assets fell to 14.6 billion dollars.

The rise in foreign gold and dollar assets has, however, been unevenly distributed among the various countries. Almost 45 percent of the total increase during the year ended September 1950 was in the gold and dollar assets of the sterling area, which rose by more than one billion dollars during the nine months ended June 1950, and by over 500 million dollars during the three months ended September 1950. The gold and official dollar holdings of the United Kingdom alone stood at 2,756 million dollars at the end of September 1950, as against 1,425 million at the end of September 1949. The gold and dollar assets of countries other than the United Kingdom that participate in the European Recovery Program increased about 570 million dollars in the twelve months ended September 1950.

The rise in foreign gold and dollar assets, and concomitant decline in United States monetary gold stocks and increase in dollar indebtedness to foreign countries, reflect, of course, important changes in the various countries' balances of international payments. Most important have been the changes in the balance of payments of the United States, whose export surplus of goods and services virtually disappeared in the third quarter of 1950. In both August and October, the United States achieved a merchandise import surplus—the first since June 1937.

At its postwar peak in the second quarter of 1947, the United States export surplus of goods and services, including those exports which were financed by foreign aid, was running at an annual rate of 12.7 billion dollars; the annual rate dropped to 7.6 billion in the first half of 1949, to 4.9 billion in the second half of 1949, and to 3.0 billion in the first half of 1950. This decline in the export surplus was the combined result of a decrease in exports and a rise in imports, with the fall in exports as the main factor until 1950, when a rapid rise in imports occurred. Exports of goods and services declined from an annual rate of 21.1 billion dollars in the second quarter of 1947 to 13.9 billion in the third quarters of 1950, and imports of goods and services rose from an annual rate of 8.4 billion dollars to 13.6 billion.

Prior to the invasion of South Korea, the gradual decline in the United States export surplus rested on the sound foundation of a rise in production and productivity and a subsidence of inflation in a large number of foreign countries. The countries whose economies had been disrupted by the war gradually recovered their exporting capacity and their ability to replace abnormal postwar imports from the United States by domestic production. The tendency to shift purchases

from dollar to nondollar sources of supply was abruptly reinforced in the middle of 1949 by the tightening of foreign exchange controls in many countries. The United Kingdom and other sterling area countries, for instance, announced that imports payable in dollars would be cut by about 25 percent. Shortly thereafter, the devaluation of the pound sterling and some thirty other currencies had the effect of rendering American export commodities less attractive pricewise. Between the first half of 1949 and the first half of 1950, foreign countries as a whole cut their merchandise purchases from the United States by 27 percent and the United Kingdom and the rest of the sterling area actually reduced such purchases by 39 percent.

On the other hand, United States merchandise imports in the first half of 1950 were little more than 12 per cent higher (measured by dollar value) than during the recession in the first helf of 1949. United States imports from the overseas sterling area were only 9 percent higher; this rise of 47 million dollars was small in comparison with the improvement in the dollar position of the sterling area as a whole during that period.

Canada likewise approached a self-sustaining position in mid-1950, by which time the countries of Continental Western Europe, particularly France, were also much closer to a dollar equilibrium than a year earlier.

There were several reasons for caution in interpreting the "pre-Korean" rise in foreign gold and dollar assets. In the first place, exports from the industrial Western European countries to the United States and to the rest of the Western Hemisphere were showing only a disappointingly small expansion. In addition, capital movements — an unpredictable factor, especially under present circumstances —appeared to have contributed to the improved gold and dollar position, although the sterling area apparently would have attained a dollar surplus even without the aid of private capital movements. Finally, the rise in foreign gold and dollar assets was very unevenly distributed; nor was it large enough in many countries to provide a reasonable margin of safety.

A change in the gold and dollar outlook for foreign countries became observable soon after the invasion of South Korea. Foreign countries in the aggregate experienced a rapid improvement in their dollar position, not only under the impact of those basic factors that had previously operated, but also because of the sudden upsurge in United States imports of primary commodities for strategic stockpiling, private inventory accumulation, and a booming private economy, at prices that in some cases attained all-time highs.

The recent stimulation of American imports is likely to remain fairly general only so long as the transition to rearmament is relatively more rapid in the United States than in Western Europe. Once the European rearmament program gets actively under way, resources will be increasingly diverted from export industries and the growth of European exports may be arrested or reversed. Moreover, the rise in primary commodity prices affects not only the United States imports, but also those of European and other manufacturing areas.

GOLD RESERVES AND DOLLAR ASSETS IN THE U.S.A.

(Millions of US$) Area and country	September 1950 Gold	Dollar assets	Total	June 1950 Gold	Dollar assets	Total	September 1949 Gold	Dollar assets	Total	Per cent change in total holdings July 1950 to Sept. 1950	Oct. 1949 to June 1950
Canada	554	1,593	2,147	521	984	1,505	460	827	1,287	+43	+17
Sterling area*	3,070	946	4,016	2,322	1,151	3,473	1,777	670	2,447	+16	+42
ERP countries (other than United Kingdom):											
Belgium-Luxembourg (& Belgian Congo)	628	163	791	691	154	845	740	166	906	— 6	— 7
France (and dependencies)	543	280	823	543	243	786	545	191	736	+ 5	+ 7
Italy	252	305	557	252	280	532	258	280	538	+ 5	— 1
Netherlands (& Netherlands W. Indies)	229	285	514	229	256	485	179	194	373	+ 6	+30
Sweden	87	110	197	71	113	184	70	62	132	+ 7	+39
Switzerland	1,529	604	2,133	1,559	595	2,154	1,485	509	1,994	— 1	+ 8
Other ERP countries	730	559	1,289	732	478	1,210	676	382	1,058	+ 7	+14
Total	3,998	2,306	6,304	4,077	2,119	6,196	3,953	1,784	5,737	+ 2	+ 8
Other Continental Europe‡	473	94	567	482	102	584	499	102	601	— 3	— 3
Latin America:											
Argentina	216	269	485	216	238	454	164	222	386	+ 7	+18
Brazil	317	187	504	317	125	442	317	145	462	+14	— 4
Venezuela	373	102	475	373	117	490	373	99	472	— 3	+ 4
Other Latin America	863	960	1,823	796	869	1,665	726	819	1,545	+10	+ 7
Total	1,769	1,518	3,287	1,702	1,349	3,051	1,580	1,285	2,865	+ 8	+ 6
Asia:											
Philippine Republic	3	318	321	2	291	293	1	348	349	+10	—16
Other Asia†	679	719	1,398	677	607	1,284	703	521	1,224	+ 9	+ 5
Total	682	1,037	1,719	679	898	1,577	704	869	1,573	+ 9	0
All other	100	91	191	86	86	172	55	85	140	+11	+13
Grand total	10,646	7,585	18,231	9,869	6,689	16,558	9,028	5,622	14,650	+11	+13

* Including the United Kingdom but excluding Eire and Iceland, which are included under "Other ERP countries."

‡ Including the dollar assets, but not the gold reserves, of the USSR.

† Excluding sterling, French franc and Dutch guider areas.

Note: The table covers reported gold reserves of central banks and governments (excluding the USSR) and official and private dollar assets held in the United States by foreigners (including the USSR). Gold and dollar holdings of International Monetary Fund, the International Bank for Reconstruction and Development, and the Bank for International Settlements are excluded. Gold figures are partly estimated.

CHINESE POLITICAL ECONOMY & WANG AN-SHIH'S "NEW MEASURES"

By Joshua Liao

His Time

Since the dawn of Chinese economic history five public administrators have attempted drastic politico-economic reforms in their lifetimes: Lord Shang in the 4th century B. C.; Wang Mang in the 1st century; Wang An-shih in the 11th century; Hung Hsiu-ch'uan in the 19th century; and Mao Ts'e-tung at present. Of these men, Lord Shang and Wang Mang were materialists and legalists; Hung Hsiu-ch'uan was a Christian; and Mao Ts'e-tung is a Marxist. They have all similarly rebelled against the tyrannical past. In the case of Wang An-shih, one of the greatest statesmen China produced during the Sung Dynasty (960-1279), his insistence on radical changes in political economy and national defence as contrasted with his loyalty to the classical tradition in other departments of life has gained him a very unique position in Chinese thought.

The basic state policy of the Sung Dynasty as laid down by its founder Chao K'uang-yin (917-76) was to encourage cultural activities and minimize the provisions and prerogatives of the military class. For he had witnessed the rampancy of semi-autonomous local garrison commanders that had hastened the decline and fall of the T'angs, and the subsequent vicissitudes of the five short-lived dynasties that had swept away practically all the T'ang achievements. While the Supreme Army Commander of the Later Chou, he was in 960 placed on the throne by his subordinates largely because they had felt the incompetency of the boy-Emperor Kung-ti to head the expeditionary forces against the barbarian invaders in the west, north and northeast of China Proper. However, upon his ascension he centralized all military administration, abolished the semi-autonomous status of local garrisons, revived the state policy of cultural education, and adopted a general defensive policy towards the surrounding tribes. The subsequent Sung Emperors similarly overestimated the value of classical renaissance and underestimated the need of national rearmament. In consequence, though their history enumerated a series of glorious accomplishments in art, literature and philosophy and few records of local uprisings and civil wars, their diplomatic annals abound with reparations, territorial cessions and humiliating alliances. Thus, to reduce the menace of the Kitans—a tribe of Eastern tartars and a traditional enemy of the Celestials since the close of the T'ang Dynasty—the Sung authorities for generations concluded unequal treaties with the Golden Tartars, a sister tribe of the Kitans, and at long last in 1125 managed to drive the Kitans out of China Proper only to see the Northern Sung ended by the capture of the Emperors Hui-tsung and Ch'in-tsung by the Golden Tartars in 1127 and the Southern Sung begun by the Emperor Kao-tsung's ascension in the present city of Nanking.

The continual stream of pecuniary reparations and mercenary alliances cost the Sungs far more than efficient rearmament would have done. For after the first century's practice of a weak-kneed foreign policy both the financial resources of the country and the racial vitality of the people had been drained away. The same crisis that had occurred right after the reign (141-87 B. C.) of the Han Emperor Wu-ti eleven centuries before was then recurring. The urgent demand for constructive projects to enrich the country and strengthen the army was at last answered by the New Measures of Wang An-shih.

His Life

Distinguishing himself in Chinese history not only as a great statesman and financial engineer but also as thinker, writer and poet, Wang An-shih left numerous writings of which the extant pieces are contained in his *Complete Works* entitled *Wang Lin-ch'uan Ch'uan Chih.* Of them, H. R. Williamson rendered into English the leading essays in addition to a sympathetic exposition of his life, work and influence (*v. Wang An Shih, a Chinese Statesman and Educationalist of the Sung Dynasty*, 2 vols,). To the historian of Chinese thought, his experimental and empirical teachings in view of their originality and influence deserve far more attention than his theoretical, scholarly accomplishments.

Alias Chieh-fu, Wang An-shih was born in 1021 the third son of a big family of seven boys and three girls at Ch'ing-chiang County, Kiangsi, when his father was Adjutant to the Sheriff there. The old home of his people being at Linch'uan, Kiangsi, he has been known also as Wang Linch'uan. Ambitious and sagacious, he was from his infancy resolved to make for himself a place in the sun and began his schooling very early. In 1039 his father died in office as Governor of Chiangning (present Nanking and its surrounding districts); whereafter the burden of family responsibilities increased year after year—particularly so following the death of his two elder brothers in 1051. Yet in 1042 he successfully passed the Advanced Scholar Examination and started his official career which, despite many interruptions, advanced by leaps and bounds. In the meantime, not very sociable though he was, he became well acquainted with statesmen and scholars like Han Ch'i, Ou-yang Hsiu, Wen Yen-po, Chou Tung-yi, Chang Tsai and Ch'eng Hao, who all had bearings upon his thought and work.

His natural anxiety for the welfare of the people and inborn aptitude for reform and experiment were already revealed by his achievement during his tenure of office (1047-50) at Chin County (present Ning-po) before he was thirty years of age. About the prevailing conditions in the local districts he wrote down in one of his letters such passages as follows:

> This place is near the sea and there are numerous streams running from the adjacent valleys. The people ought never to suffer from either drought or flood. But for the last sixty or seventy years the officials have done nothing to conserve the water channels, or prevent silting of the ditches and streams. The people, too, have neglected the matter, so that the available water is also allowed to run into the sea, and there are no facilities for ensuring a constant supply for the fields. Should there be no rain for ten days or so the streams and pools all dry up, and the people are in constant dread of drought. This I observe is due not to natural conditions so much as to lack of effort of the local officials and people (Williamson's tr., op. cit., Vol. 1, p. 19).

Inasmuch as his remedial measures were successfully carried, the *Sung History*, though written largely under the influence of his political opponents, when narrating the "Biography of Wang An-shih", cannot help eulogizing his meritorious services for the places in the following terms:

> During his magistracy at Chin County he raised the dykes and mounds, drained the marshes and directed the streams, improving and extending the area of arable land. He loaned grain to the people on interest, thereby maintaining a constant supply of fresh grain in the Government granaries. The local people were gratified by this convenient and beneficial arrangement (Ibid., p. 18).

The encouraging news seemed to reach the ear of Wen Yen-p'o, one of the chief vassals in the Court, as in 1051 Wen officially recommended him to the Emperor Jen-tsung (1022-63) for promotion. Subsequently appointed Censor of Military Affairs at Shuchou, Anhui, he maintained his spirit of reform and relief, and when the district was suffering food-shortage, he opened the public granaries and distributed the grain among the poor and the needy. In the meantime, he pondered intensely on the basic problems of the people's livelihood, and as a result, expressed his longing for the well-tithe or nine-lot system of land-distribution and-cultivation as well as for the revival of the ancient order of communal ownership of arable land. His talent for governing then attracted the attention of Ou-yang Hsiu, who in 1053 strongly recommended him to the Throne for promotion.

His Memorial of a Myriad Words

In 1058 Wang An-shih was appointed Chief Justice of the Circuit of Chiangtung. After his travels through his Circuit during the year, he submitted to the Emperor Jen-tsung the famous "Memorial of a Myriad Words"

(*Ibid.*, pp. 48-84) expounding the roots and buds of all his later political, economic and educational theories. According to him, the prevailing conditions of state affairs were so pathetic "that the internal state of the country calls for most anxious thought, and that the pressure of hostile forces on the borders is a constant menace to our peace. The resources of the Empire are rapidly approaching exhaustion, and the public life is getting more and more decadent." The fundamental cause of such state ills he traced to "the prevailing ignorance of a proper method of government." (*Ibid.*, p. 49). In his travels he had found "very few officials able to carry out government orders satisfactorily or capable of leading their people to fulfil their obligations to the State." (*Ibid.*, p. 51). Hence the urgent need of devising "a proper method whereby such men can be trained, maintained, selected and appointed." (*Ibid.*, p. 54).

Therefrom followed Wang An-shih's criticism of current practices in training, maintaining, selecting and appointing public servants, and also his suggestions for reform. With regard to the method of instruction current practices consisted of textual explanations of the Canonical Classics and mechanical training in essay-writing, which required the recitation and memorizing of an enormous literature and the consequent waste of time and energy on the part of the students, said Wang. "A man's capacity for government is best educed by specialization," continued he, "and ruined by too great a variety of subjects to be studied." (*Ibid.*, p. 51). The students ought to study methods of practical administration. And yet they were all devoted to studies on civil subjects, so that important military positions were left to the so-called "military men" who were often promoted from the hired levies —the good-for-nothings of the countryside. "That accounts for the fact," said Wang, "that we have this constant anxiety about the situation on the borders, and explains why we are so concerned about the reliability of the regular army if the State should be endangered." (*Ibid.*, p. 64). The students regarding the carrying of arms as a disgrace, none of them could ride, shoot, or take part in any military manoeuvres, "because no proper instruction in military matters is given in the schools, and because no proper care is given to the selection of men for the military positions." (*Ibid.*, p. 65). (In this connection Wang refrained deliberately from criticizing the dynastic founder's policy to exalt cultural studies and belittle the martial spirit).

With regard to the maintenance of officials, Wang An-shih said that the prevailing scale of salaries paid to officials was too low, wherefore all who had large families to support, had to engage in agriculture or trade to eke out, or offer and receive bribes. Again, in the absence of regulations controlling expenditure on weddings, funerals, support of parents, clothes, food, and the appurtenances of life, extravagance came to be regarded as admirable, and economy as disgraceful. Thus, the rate of salaries and the rule of conventions drove the ordinary man into moral degradation. Furthermore, while the Treasury was short of funds, there were too many supernumerary officials. It remained to be seen whether the Treasury could meet the requirements of the national expenditure when the number of officials had been rigidly reduced. In this respect Wang admitted that he had not yet made any study of the subject of finance particularly as to how to use the resources of the people to produce wealth for the State and that the authorities had not secured the right method of administering the State finances. "Once the proper method is secured, and the necessary reforms made, I am sure," affirmed Wang, "even though I may be considered stupid, that official salaries may be raised without causing the financial condition of the country to be adversely affected" (*Ibid.*, p. 68). For the inspection and control of the officials with respect to their convention and conduct laws and regulations are needed. Yet prior to legal enforcement moral instruction must be given so as to restrain them by the rules of propriety and means of admonition. "Unless this preliminary work of admonition has been duly carried out," said Wang, "it would be wrong to inflict punishments in case of disobedience or transgression." (*Ibid.*, pp. 68-9).

As to how to select officials, the current method of choosing men entirely according to their colossal memory and literary ability Wang basically opposed. For neither classical knowledge nor literary ability was of any real help to public administrators. Closely bound with the wrong method of selecting officials was the method of appointing officials. According to Wang, on appointing a man to office, the authorities made no enquiry as to his real ability for the particular post to which he was allocated, and officials were "not allowed to maintain in any one post long enough to make any effective contribution." (*Ibid.*, p. 75). Moreover, when appointed to office, they were hedged by minute prohibitions and hindrances and not trusted to carry out their duties. If unable, unworthy, or unsuitable for the positions at all, they should not have been appointed from the beginning. "The main reason for this confusion of ideas," said Wang, "is a moral one, no distinction being made between the worthy and the unworthy, the capable and the incapable." (*Ibid.*, p. 76). Its evil consequences were the shortage of capable men in office and the impossibility of reviving the method of government adopted by the ancient rulers, which hand in hand involved the military situation and the safety of the country. Concluding in the memorial, Wang An-shih implored His Majesty "to note the reason for the fall of the Han and the T'ang and the confusion and decadence of the Five Dynasties, and to take warning from the calamity which overtook the Chin Emperor Wu-ti (265-90) for his negligence and *laissez-faire* policy." (*Ibid.*, p. 78). Believing in the Golden Age of antiquity and repeatedly quoting Confucius and Mencius, Wang thus appeared definitely Confucian in method and moralist in doctrine.

His Economic Positivism vs. Negativism

Apparently in appreciation of such an eloquent agitation for reform the Emperor Jen-tsung in the summer of 1060 recalled him from the Circuit of Chiangtung and appointed him Head of the Department of National Budget and Official Payment in the Ministry of Finance under the Minister Fu Pi. The opportunity enabled him to make intense studies in public finance, which turned fruitful results in his later years. From the latter part of 1063, when his mother died, to the opening of 1067, he lived in private life and stayed with his people in Nanking. Upon the ascension of the Emperor Shen-tsung (1067-85) he re-entered public service by request.

Next year (1068), as severe drought and famine befell the people north of the Yellow River, the Grand Council proposed that the customary gifts to the officials should that year be withheld. Thereupon Wang An-shih and Ssu-ma Kuang (1019-86) held an open debate on the subject of the national finances. The latter, a historian by profession and a traditionalist in temper, held that to set an example of economy to the people the measure as proposed was the royal road to financial relief. Wang, a political economist and a radical, never denied the need of an example of economy but argued that if the financial administrator were ignorant or unable in financial matters, mere economy would be useless. Then Ssu-ma Kuang counter-argued that the so-called skill in finance could not be anything other than the ability to increase and collect the taxes. Counteracting such negativism with his positivism, Wang replied that *a really skilful financial engineer could increase national wealth without increasing the taxes at all.* In his turn Ssu-ma Kuang forecast that Wang's measures, evidently ineffectual, would mislead His Majesty in the same way as those of Sang Hung-yang had beguiled the Han Emperor Wu-ti eleven centuries before. The Emperor Shen-tsung favoured Wang An-shih's viewpoint but respected Ssu-ma Kuang's opinion, whereas authors of subsequent Dynastic Histories, taking the side of the latter, always unfairly portrayed Ssu-ma Kuang as the hero and Wang An-shih as the villain of the scene.

Despite the warning of several elder statesmen against Wang's resolution to put his new theories into practice, the

Emperor on assuming the reigns of government himself appointed him Deputy Premier in 1069 with a view to giving him an opportunity to apply his ideas to the enhancement of the welfare of the Empire. When asked by the Emperor what was to be his first contribution, Wang replied that it would be "to transform current thought and practice and to set up (new) laws and regulations." (*Ibid.*, p. 112).

The change of the whole system of financial administration being his first concern, he persuaded the Emperor to establish "The Financial Reorganization Bureau" under the Emperor's direct control that would control the Ministry of Finance and centralize all routes of revenue and expenditure. The new Bureau first investigated the previous States accounts and discovered the corrupt state of revenue service. It then investigated the annual budget, re-estimated every item of expenditure, and saved about 40 percent, which was largely due to the reduction of Court expenses approved by the Emperor. Next, it substantially raised the salaries of officials, which at once increased their efficiency and reduced corruption. Meanwhile, it appointed a Commission of eight—including Ch'eng Hao, the leading philosopher of his day—to investigate problems of agriculture, irrigation, etc., in the local districts. The establishment of the Bureau and its initiating successes as such immediately aroused a strong opposition from among both conservative officials and jealous colleagues, which was embodied by the memorial of Lu Hui-ch'ing impeaching Wang's faults in personal character and public service (*Ibid.*, pp. 127-30). Inasmuch as the Emperor ignored the impeachment, Wang set out for his experiments on his New Measures.

The Equitable Transport and Distribution Measure

Wang An-shih's first experiment in political economy was his device of a measure called "Chin Shu P'ing Chun Fa" or "Equitable Transport and Distribution Measure" to economize expenses on grain transport from the Provinces to the Capital and at the same time to facilitate equitable distribution of supplies throughout the country. In those days commodities like grain, silk or cotton were accepted in lieu of cash for taxtation purposes, but their transport often involved enormous expenses and additional burdens to tax-payers. Accordingly, Wang said in his memorial for the project:

> Financial resources are essential to every organized State, but justice and equity are equally essential to financial administration. That being admitted, it is only right that the relative ease or difficulty of transport should be taken into account in assessing the taxes: that the quantities required should be subject to adjustment in accordance with circumstances; due regard should be paid to the question as to whether the goods called for are found in a particular district or not, and whether they are available at the time, and that authority for fixing quantities, weights, and methods of collection and distribution should be properly determined..... (**Ibid.**, p. 132).

True, there had been no co-operation between the Capital and the Provinces nor any means whereby surplus in one place and dearth in another might have been mutually adjusted. Moreover, transport often cost twice or five times as much as the original price of the grain, which upon its arrival at the Capital had to be sold for half the total expenses covered. Again, in time of war or other kind of crisis demanding extraordinary expenditure the people had to pay double the amount of the regular taxes. Worst of all, the Court often asked for goods not procurable in a certain place or season, which would give profiteers the opportunity to control the market and prices.

In view of all these considerations Wang in the same memorial suggested that the Transport Officer of the six circuits "should be granted a sum as working capital, partly in cash and partly in goods, whereby to meet every exigency of supply and demand for the government services; that he should be enabled to buy the goods required by the Government in the cheapest market and as near to the Capital or other distributing center as possible; and that he should be authorized to turn any goods out of the granaries into cash in order thereby to meet the annual demands of the Court. Thereby he hoped that the control of prices and the collection and distribution of the nation's resources would come more into the hands of the Government while the Government might increase its revenue but the people's welfare would suffer no injury. The Emperor, accordingly, appointed Hsueh Hsiang Chief Transport Officer and granted him a sum with which to initiate the new system of "Equitable Transport and Distribution Measure."

No sooner had the New Measure been carried out than critical memorials began to pour into the Sung Court. Some considered the measure itself impracticable, some considered the personnel untrustworthy. In consequence, the whole experiment was withheld, and later supplanted by a more comprehensive proposal, a form of State Trade Monopoly, called "Trade and Barter Measure", and proposed by Wang Shao in the winter of 1070.

The Green Sprout Measure

The next New Measure introduced by Wang An-shih was the "Ch'ing Miao Fa" or "Green Sprout Measure", an agricultural loans measure, aiming at the relief of farmers, the uplifting of their livelihood and the increase of national wealth. In China just as in medieval Europe 80 percent of the population were peasants and 15 per cent small shopkeepers. In time of prosperity they could linger a feeble existence. But after every devastation by drought or flood, locusts or pestilences, civil wars or foreign invasions, the great bulk of the people was driven into debt if not into starvation. Anyway survivors of every such disaster in order to start life all over again would need cash to begin with, wherefore money-lending was always a booming industry. The professional money-lenders and powerful families would often raise the rate of interest as high as 50 percent per annum, so that numerous poor peasants and merchants remained life-long bankrupt or in debt, and as such lost every initiative and ambition.

With a view to immediately relieving the peasants of the burden of the usury the "Green Sprout Measure" involved the conversion of the stores of grain in the public granaries into a capital fund, which could be loaned to the people at the rate of 2 percent per mensem. The loans were to be distributed in the spring when the wheat was just sprouting, and repaid in the summer or autumn after the harvest. The rate of interest very low as compared with the prevailing rate not only curtailed private profiteering but also enabled the poor people to negotiate loans with the Government by right and not with the moneylenders by favour.

Agreeing with Wang in principle, Su Tung-p'o's younger brother Su Tzu-yu (1039-1112) said in one of his memorials:

> If money-lending is to remain a monopoly of the wealthy classes, inhumane practices will inevitably arise. They will exact more than 50 per cent of the loan in interest. Property and even clothing will have to be sacrificed to make the repayments. Great distress is thereby inflicted upon the people, and no advantage accrues to the Government.
>
> In the time of the Chou Dynasty it was possible for the people to negotiate a loan from the officials on terms that were considerate for both parties. In my opinion every district should be permitted to institute a government loan system, but the privilege of contracting loans should be confined to residents of repute (**Ibid.**, pp. 143-4).

While Ssu-ma Kuang fundamentally opposed the conversion of the stocks in the emergency granaries into the capital fund, Su Tzu-yu made a sympathetic remark, saying to Wang An-shih:

> Your idea of making loans to the people with a view to their relief is quite right, and the proposition as such is a good one. But the difficulty lies in the character of the officials who are to supervise the disbursement and collection of the loans. They are sure to act arbitrarily and nothing which you can devise in the way of preventive measures will be effective..... **Ibid.**, p. 147).

Wang An-shih, accordingly, pondered over the problems of personnel administration, but there soon arrived a report on the urgent need of giving financial aid to farmers in certain districts so that in the autumn of 1069 the Measure was put on trial. Once more Ssu-ma Kuang took up the opposition, criticizing the personal qualifications of Wang's associates, the pressure over

the Ministry of Finance brought by the Financial Reorganization Bureau, and the over-optimistic view of the farmers' readiness to repay the money. Yet all he could say about Wang was that Wang was not a schemer and an evil-minded man as some people supposed him to be but was certainly not practically minded and altogether too self-willed (*Ibid.*, p. 152). In the meantime, the experiment in three Circuits was reported to have been successful, so in the winter of 1069 the mandate was promulgated. In reaction against the New Measure numerous important personages resigned from office.

The Militia Act

Possessed of the strongest character any public administrator could have, Wang An-shih went ahead with his reform-measures despite all kinds of protest. With a view to strengthening the army and enriching the country simultaneously, he promulgated at the end of 1070 the "Pao Chia Fa" or "Militia Act," a conscription measure, whereby to replace ill-trained and ill-equipped mercenaries with well-regimented people's corps. When first promulgated the regulations were:

1. Ten families to form a platoon or **Pao**.
2. Fifty families to form a company or **Ta Pao**.
3. Ten companies to form a regiment or **Tu Pao**.
4. Units of less than ten families to be attached to a neighbouring platoon.
5. Each platoon and company to be officered by a resident property owner with the requisite ability. Each regiment to have a commander and a vice-commander who have the respect of the men. All officers are to be elected locally.
6. Each family in which there are two or more able-bodied males must provide one for the platoon. If there are more than two males in the family, other members who have the strength and spirit for the work may also enrol. In the wealthier families, if only one male were available he should also be enrolled, provided he is physically fit and has the right spirit.
7. Bows and crossbows will be provided by the Government when the Militia are in attendance at the drill grounds. But it is permitted to practise at other times with any weapons not prohibited by the Law. It is planned to give military instruction to all who enrolled.
8. Each company is required to provide five men who will act as night watchmen in relays. Captures of thieves and seizures of stolen goods, when reported, will be suitably rewarded.
9. If within the bounds of any Militia unit cases of robbery, murder, incendiarism, adultery, kidnapping, teaching of practising forbidden rites, manufacture of poisonous drugs, etc., occur, and the matter is not reported by the nearest, penalties will be inflicted. Nothing which does not come under the purview of the Law is to be reported.
10. If more than three robbers should have taken shelter within the bounds of any Militia unit for a period of more than three days, and the matter was not reported by a neighbouring unit, even though they can prove they are ignorant of the matter, the neighbouring unit will be penalized for such slackness.
11. This new measure is first to be carried out in the Capital unit, then extended in order to the five Circuits of Yunghsing, Ch'infeng, Hopei, Chingtung, and Chinghsi (facing the aggressive tribes in the north, northwest and northeast respectively), and later again gradually extended to the whole Empire (**Ibid.**, pp. 181-2).

Thus, in time of peace the people's corps while engaged in productive enterprises would help local officials maintain order while in time of emergency they could be ready as a potential fighting unit. Moreover, the size of the standing army and the sum of its upkeep could be considerably reduced while productivity could be substantially increased. By the end of the year 1072 the saving on the military budget for that year amounted to over one million "strings" of cash, and the annual average of two hundred cases of violent robbery in the Capital district before the enforcement of the new measure were practically eliminated.

The Militia Mounts Measure

In this connection certain military measures concerning (1) the distribution of the regular forces, (2) the provision of mounts for the Militia, and (3) the establishment of an Arsenal Board for the Empire was also introduced by Wang An-shih. Among them the "Pao Ma Fa" or "Militia Mounts Measure" was most significant in consideration of both public finance and national defence. The items of the New Measure were as follows:

1. Any of the Militia resident in the Capital District, or in the five adjacent Circuits, who were willing to keep a horse, shall be provided with one at the expense of the Government. If an individual can afford to keep two animals it shall be permitted, or if any particular unit offers to keep two that shall also be allowed.
2. Not more than 3,000 horses are to be allocated in the Capital District, and in the five adjacent Circuits the maximum is set at 5,000 animals.
3. In case the mounted Militia are called upon to drive out bandits they are not to proceed more than 300 *li* from their base.
4. Every year the animals are to be subject to inspection, and unsatisfactory animals are to be replaced.
5. Those who keep mounts in the Capital District are to be exempted from an annual contribution of 250 bundles of straw, and in addition they would be granted gifts of money and cloth. Those who are resident in the five Circuits and keep mounts would be exempted from the annual horse maintenance tax.
6. Should the mount die it is to be replaced at the expense of the individual owner or unit if they are of the first, second, or third grade of resident, but only half the cost of replacement will be demanded from those who are of the fourth or lower grade. It is suggested that the people may form clubs of ten so that the burden of making replacements may be shared (**Ibid.**, p. 257).

The measure was accepted by the Emperor and promulgated in 1072.

The Public Services Act

At the end of 1070, Wang An-shih was promoted to the post of Premier, when another New Measure was promulgated. Called "Mu I Fa" or "Public Services Act", it aimed to supplant the preceding services rendered by the people to officials as part of their obligation to the State should be paid for by the Government out of taxation receipts. Under the old system abuses and corruptions had seemed inevitable. For instance, as Buddhist priests had been exempted from the public services, a number of laymen would manage to have themselves classified as priests in order to evade these public responsibilities, so that the Government even had to issue a special edict to the effect that unless the head were shaved nobody should be recognized as a priest. If well-to-do people had to pay additional taxes and poor people were paid for their public services, then neither the local officials could exploit the labour conscripts nor the people would intensify their class hatred and distinction. Therefore, the "Public Services Act" enumerated such provisions as follows:—

1. The people are to be divided into classes according to their property and financial qualifications.
2. City residents of the first five classes shall be assessed for the public services tax, others being exempt.
3. County residents of the first three classes shall be likewise assessed, others being exempt.
4. The tax shall be paid twice a year, once in summer and once in autumn.
5. In the case of a family holding property in two counties the tax shall be paid in both if the resident is of the higher classification, but only in one if of the middle class.
6. Members of one family living in separate districts shall only be called upon to pay the tax according to the classification as modified by such separation.
7. Members of official families, families with no male member, monks, priests, and minors (under twenty years old) will be assessed for the tax, but at half-rate.
8. The money received from these various sources is to be devoted to the employment of members of the first three classes on the various public services, salaries being paid proportionately to the nature of the task (**Ibid.**, p. 225).

It was later also provided that city residents should be re-classified once every three years and country people once every five years. The tax paid by classes exempted from public services (*i.e.*, according to Item 7) was termed *Chu I Ch'ien* or "Public Services Aid Money", and that paid by those liable for the public services was termed *Mien I Ch'ien* or "Exemption Money". Criticism and opposition appeared as usual. Yet in the meantime advantages of the new measure appeared to supersede its disadvantages.

Besides, certain sundry economic measures were noteworthy, *e.g.*, those devised for (1) land reclamation, river conservancy and control, (2) land survey and classification, (3) im-

THE FOREIGN TRADE OF THE PHILIPPINES

The Philippines has been enabled to prosper and to reach a state of national progress through contact with the world markets. Long before the arrival of the Spanish colonizers in the 16th century, the Philippines had already maintained flourishing commercial relations with China and other neighbouring countries. Philippine foreign trade, however, assumed international scope after the establishment of direct communication between Spain and Manila in 1765. During the entire period of Spanish rule, the Philippines has had commercial intercourse not only with Spain and Mexico where the great bulk of trade was channeled because of the galleon trade monopoly by Spain but also with other countries like Great Britain, France, and Italy. From the implantation of American sovereignty in 1898 up to the present time (except during the three years of Japanese occupation) the overseas commerce of the Philippines expanded rapidly. This expansion was particularly remarkable during the last two years when the Philippines had the largest volume of foreign trade in its history. Due to the establishment of preferential trade relations between the United States and the Philippines in 1909, foreign trade from then on has been characterized by the heavy dependence upon the United States.

As a source of vital raw materials and as a market for manufactured products, the Philippines is an important country. The Filipinos being an Oriental people with Occidental tastes, the Philippines long before World War II served as a profitable outlet for foreign manufactures, particularly of American origin. In fact, it ranked among the heaviest buyers of consumer and luxury goods from the heaviest exporter in the world, the United States.

Foreign trade of the Philippines with the world has been first recorded in 1855 when it amounted to P10,357,437, of which P6,121,623 represented exports and P4,235,814, imports, or a balance of P1,885,809 in favor of the Philippines. From then on up to 1898, before American occupation, the Philippines consistently enjoyed a favorable trade balance, except in 1861, 1864, 1872, 1877, 1880, 1882, 1895, and 1898. From the start of the American regime in 1899 to the outbreak of World War II in 1941, the balance of trade, except from 1899 to 1904, 1910 to 1913, 1919, 1921, and from 1938 to 1941, always tipped in Manila's favor. The highest prewar trade was attained in 1929 when it reached the record mark of P623,214,234 divided into exports of P328,893,685 and imports of P294,320,549, or a credit balance of P34,573,136.

The healthy expansion of Philippine overseas trade which, during the last few years immediately preceding the outbreak of the Pacific war in December, 1941, averaged nearly half a billion pesos, was abruptly interrupted by the war and was not resumed until the middle of 1945. At the end of 1945, the volume of Philippine foreign trade amounted to P59,211,364, of which P57,867,195 represented the value of imports and only P2,268,966, the value of exports. Of the latter, P1,395,981 represented the value of domestic products exported to foreign countries, and the rest the value of re-exports. In 1946, foreign trade rose in value to an unprecedented high of P720,091,530, which broke for the first time the prewar peak attained in the boom year of 1929, which was recorded at P623,214,234 only. Of the 1946 total, however, the value of exports was less than one-third of the amount paid for imports. While receipts of foreign-made goods during the year totaled P591,716,481, as compared with the prewar record in import trade of P328,893,685 in 1929, exports only reached P128,375,049. Of this only P106,057,387 was the value of local products. Thus the unfavorable merchandise balance of trade amounted to P463,341,432. It might be mentioned in this connection that during the last two decades before the war, the merchandise balance of trade tipped in favor of the Philippines. The overseas trade of the Philippines soared further in 1947 to exceed the one billion and half peso mark. Capital goods and consumer and luxury goods worth P1,022,700,608 were absorbed by the Philippine market. During the same year, improvement was noted in its export trade as a result of the partial rehabilitation of the principal industries providing the Islands' major export products such as copra, abaca, sugar, and others. Exports in 1947 totaled P531,096,704, making a total trade of P1,533,797,312.

In 1948, all previous records toppled overboard when an all-time high of P1,774,819,524 was recorded. Imports during the year also hit a new high of P1,136,409,068 due to heavy influx of luxury and non-essential goods. Likewise, exports registered at P638,410,456 on account of the substantial shipment of the other major export products especially canned pineapples, chromite and lumber. Owing to the imposition of the import control coupled with the recession in the prices of Philippine major exports, the trade declined to P1,645,845,310 in 1949, of which P1,134,144,606 represent the value of imports and P511,700,704, the exports. The unfavorable merchandise balance continued to increase. From P463,341,432 in 1946, it rose to P491,603,904 in 1947 and increased further to P497,998,612 in 1948. Notwithstanding the restrictions

Continued on page 322

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provement of transport, (4) coinage, and (5) Government monopolies on tea and salt, trade taxes, and so on. Among these his radical change of the money system involved two points, namely, depreciation of the prevailing currency and lifting of the embargo on copper trade, which appear as imposing as some of the headlines in current newspapers. As regards other measures they have continued down to this day occupying the attention of numerous public administrators.

Wang An-shih remained Premier up to the summer of 1074. For ten months from then he was absent from the Capital, serving as Governor of Chiangning Fu in Nanking. During his absence his successors and supporters Han Chiang and Lu Hui-ch'ing carried on his policy. Though restored to power in the spring of 1075, he began to suffer such poor health that he had to retire late in the autumn of 1076 to a monastery situated on the sunny slope of the Purple Mountain east of Nanking, and in 1083 donated his fertile land to a Buddhist temple.

The Sung Emperor Shen-tsung continued upholding his New Measures, but as soon as His Majesty passed away in the spring of 1085 practically all the New Measures began to crack one after another. The new Emperor Che-tsung (1085-1100) made Ssu-ma Kuang Premier in the beginning of 1086, who immediately rescinded the "Public Services Act" and the "Green Sprout Measure".

Having thus witnessed the reversal of his whole state policy and politico-economic ideas within the brief period of twelve months, Wang An-shih too much upset thereby died in the fourth month of 1086. In the ninth month of the same year his private friend but public opponent Ssu-ma Kuang followed him to death, too, having thus survived him by less than half a year only to supersede reform with reaction.

The enraging partisan politics between collectivism and individualism, however, did not end with the death of their respective advocates. For the opposition party led by Ssu-ma Kuang split before his death into three distinct factions: (1) the Central Clique headed by the philosopher Ch'eng Yi, (2) the Western Clique by the writer, poet and historian Su Tung-p'o, and (3) the Northern Clique by Liu Chih. While the body of officials were indulging in mutual recriminations, former associates of Wang An-shih, scattered in all directions as they were stealthily watching for an opportunity to return to power. Thenceforth for four decades the prevailing form of government was characterized by "democracy", partisan intrigue, and the spoils system. As genuine national interest was often sacrificed on the alter of party strife for domination, more harm than good was done to the country, till the whole North fell into the hands of the invading hordes of the Golden Tartars in 1127. Ironically enough, from the most patriotic motives of Wang An-shih ensued some of the most miserable disasters China has ever suffered.

THE HONGKONG AND SHANG

(The liability of members is limited to the extent and in manner

BALANCE SHEET AT

		Hongkong Dollars	Sterling Equivalent
SHARE CAPITAL			
Authorised and issued			
160,000 Shares of HK$125 each, fully paid		$ 20,000,000	£ 1,250,000
RESERVE LIABILITY OF MEMBERS			
HK$125 per Share on 160,000 Shares	$ 20,000,000		
RESERVE FUND		96,000,000	6,000,000
PROFIT AND LOSS ACCOUNT		6,699,224	418,701
		122,699,224	7,668,701
HONGKONG CURRENCY NOTES IN CIRCULATION			
Authorised Note Issue	$ 37,100,000		
Excess Note Issue	718,642,086	755,742,086	47,233,880
CURRENT, DEPOSIT AND OTHER ACCOUNTS, including Reserves for Contingencies and Provision for Taxation (of this total $6,827,862 is secured)	$ 2,558,659,935		
AMOUNTS DUE TO SUBSIDIARY COMPANIES	274,715		
ACCEPTANCES ON BEHALF OF CUSTOMERS	11,571,603		
PROPOSED FINAL DIVIDEND in respect of the year ended 31st December, 1950	7,744,538	2,578,250,796	161,140,675
		$ 3,456,692,106	£ 216,043,256

Notes:

1. There are contingent liabilities on Bills re-discounted amounting to HK$20,508,215 and commitments in respect of Confirmed Credits, Guarantees and Forward Exchange Contracts.
2. Foreign Currency Balances have been converted into Hongkong Dollars at approximately the rates ruling at 31st Decembe:, 1950. The Sterling equivalents of the figures shown in above Balance Sheet have been converted at the rate of HK$1=1/3d.

A. MORSE
Chief Manager.

E. E. F. HIBBERD
Acting Chief Accountant.

REPORT OF THE AUDITORS TO THE MEMBER OF THE

We have examined the above Balance Sheet with the books of the Corporation kept in Hongkong, with the the Branch Managers. We have obtained all the information and explanations we have required and in our opinion affairs at 31st December, 1950, according to the best of our information and the explanations given to us and as

Hongkong, 27th February, 1951.

PROFIT AND LOSS ACCOUNT FOR THE

			Hongkong Dollars
Interim Dividend of £2 per share, free of Hongkong Corporation Profits Tax, paid 14th August, 1950, £320,000 @ 1/2 7/8			$ 5,163,025
Appropriations recommended by the Directors:			
Amount to be written off Bank Premises	$ 3,000,000		
Balance carried forward to next year		7,744,538	10,744,538
Final Dividend of £3 per Share, free of Hongkong Corporation Profits Tax, £480,000 @ 1/2 7/8			6,699,224
			$ 22,606,787

Special Administrative Expenses, including Chairman's emoluments as Chief Manager, Directors' Fees and London Committee Fees amounted to HK$703,122.

STATEMENTS IN CONNECTION

1. The Investments in Subsidiary Companies appearing in the annexed Balance Sheet represent the Issued Sh have been submitted as the Directors are of the opinion that such Accounts would be of no real value to
2. No part of the Profits earned by the Subsidiary Companies has been dealt with in the Accounts of the Ban

	Hongko Dollar
(i) For the year ended 31st December, 1950	$ 14
(ii) For previous financial years	98
	$ 112

HAI BANKING CORPORATION

prescribed by Ordinance No. 6 of 1929 of the Colony of Hongkong)
31st DECEMBER, 1950.

		Hongkong Dollars	Sterling Equivalent
CASH AT BANKERS, IN HAND AND IN TRANSIT		$ 446,435,805	£ 27,902,238
MONEY AT CALL AND SHORT NOTICE		341,600,000	21,350,000
BILLS RECEIVABLE, IN HAND AND IN TRANSIT		623,213,144	38,950,821
HONGKONG GOVERNMENT CERTIFICATES OF INDEBTEDNESS issued in respect of funds deposited as security for the Excess Note Issue		718,783,047	44,923,940
INVESTMENTS, at under market values:			
British, Colonial and Other Government Securities (including £2,908,181 deposited as security for the Authorised Note Issue):			
Quoted in Great Britain		319,532,000	19,970,750
Quoted outside Great Britain		190,937,000	11,933,563
Other Investments:			
Quoted in Great Britain		1,515,800	94,737
Quoted outside Great Britain		9,174,921	573,433
ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS, less provision for Bad and Doubtful Debts		770,154,313	48,134,644
LIABILITIES OF CUSTOMERS FOR ACCEPTANCES, per contra		11,571,608	723,226
		3,432,917,638	214,557,352
FIXED ASSETS			
Investments in Subsidiary Trustee and Nominee Companies, at cost	$ 2,137,354		
Bank Premises at cost, less amounts written off	21,637,114	23,774,468	1,485,904
		$ 3,456,692,106	£ 216,043,256

D. F. LANDALE)
C. C. ROBERTS) Directors.
C. BLAKER)

HONGKONG AND SHANGHAI BANKING CORPORATION.

audited accounts of the London Office and with the returns received from the other offices which have been signed by such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's shown by the books kept in Hongkong and by the returns received from other offices.

PEAT, MARWICK, MITCHELL & Co.) *Chartered Accountants,*
LOWE, BINGHAM & MATTHEWS) *Auditors*

YEAR ENDED 31st DECEMBER, 1950.

	Hongkong Dollars
Balance brought forward from 31st December, 1949	$ 5,359,083
Profit for the year, after providing for taxation on profits earned to date and after making transfers to the credit of Reserves for Contingencies, out of which Reserves provision has been made for any diminution in value of current assets	17,247,704
	$ 22,606,787

WITH SUBSIDIARY COMPANIES.

are Capital of three Trustee Companies and three Nominee Companies wholly owned by the Bank. No Group Accounts the members of the Bank.
k. The net aggregate amounts of the Subsidiaries' profits after deducting the Subsidiaries' losses are as follows:—

ng
s
,351
,364
,715

Continued from page 319

on imports, the adverse merchandise balance of trade increased to P622,443,902.

The ten leading exports of the Philippines before the war were sugar, coconut oil, abaca, copra, tobacco products, embroideries, lumber and timber and logs, desiccated coconut, canned pineapples, and iron ore. After the war, a realignment of the export products took place, with copra jumping to first place and other major prewar exports disappearing completely from the list during the first two years immediately following the liberation of the country. The ten leading postwar exports are copra, abaca, desiccated coconut, centrifugal sugar, coconut oil, embroideries, canned pineapples, copra meal or cake, lumber and timber, and chromite. Copra's rise as premier export product of the Philippines was due to the big demand for copra and copra products throughout the world as a result of the damages wrought by the war on coconut plantations in other countries and the world-wide shortage of fats and oils. In 1947 alone, 1,008,402,700 kilos of copra valued at P354,415,334 were shipped to foreign markets. However, copra exports in 1948 declined to 586,993,362 kilos worth P309,400,124 due to price recession and increased production in other sources of fats and oils. Exports decreased to 528,747,360 kilos valued at P179,285,818 in 1949. Following copra in importance as an export product is abaca. Exports of this product in 1948 aggregated 592,837 bales at P60,294,087 as against 680,691 bales at P63,432,374 in 1947. The years 1947 and 1948 saw a revision in the list of the ten leading exports of the country. In 1947, sugar, tobacco and manufactures and maguey appeared in the list of first ten leading exports for the first time since liberation, the latter two, however, disappeared the following year, having been replaced by canned pineapples and chromite. Sugar exports jumped from 18,849,585 kilos valued at P4,081,188 in 1947 to 216,770,574 kilos at P44,580,077 in 1948.

The leading imports of the Philippines are: cotton and manufactures, rayon and other synthetic textiles, grains and preparations, mineral oils, automobiles and parts, iron and steel and manufactures, tobacco and manufactures, dairy products, paper and manufactures, and machinery, machines and parts. In contrast, prewar chief imports were iron and steel and manufactures, cotton goods, mineral oils, tobacco products, automobiles and trucks and parts, paper and manufactures, meat and dairy products, wheat flour, silk rayon and manufactures, and chemicals, drugs, dyes, and medicines. Outside of the United States, other foreign countries which had fairly sizable commercial intercourse with the Philippines before the war included Japan, Great Britain, China, Germany, Netherlands, Dutch East Indies, Spain, British East Indies, France, Australia, Belgium, Canada, Hongkong, French East Indies, Italy, Switzerland, Sweden, Denmark, Thailand, and Norway.

EXPORTS AND IMPORTS, 1947, 1948 AND 1949

Philippine exports increased from P531,096,704 in 1947 to P638,410,456 in 1948 and in 1949 it amounted to P511,700,704. The following table shows the value of the ten leading export products of the Philippines:

	1947 Value (Pesos)	1948 Value (Pesos)	1949 Value (Pesos)
Copra	354,415,334	309,400,124	179,285,818
Abaca	63,432,374	60,294,087	57,802,294
Desiccated coconut ..	19,054,656	57,491,099	38,732,640
Copra meal or cake .	4,391,434	2,425,325	5,858,769
Sugar, centrifugal	4,081,058	41,580,077	90,464,340
Coconut oil .	13,940,603	40,738,581	35,018,835
Embroideries	2,335,116	13,917,276	11,969,873
Pineapples, canned ..	—	7,648,327	13,675,427
Timber and lumber ..	528,414	5,675,859	6,520,563
Chromite ore	446,500	5,191,779	5,564,711
Other exports	23,314,025	45,281,901	45,770,014
Re-exports .	45,157,190	43,766,021	21,037,420
Totals ..	531,096,704	638,410,456	511,700,704

The ratio of exports to total trade increased from 34.18 per cent in 1947 to 35.97 per cent in 1948, or a gain of 1.79 per cent. For 1949, the ratio was 31.10 per cent.

The value of Philippine imports soared from P1,022,700,608 in 1947 to P1,136,409,068 in 1948 thus establishing an all-time record in Philippine foreign trade. Figures for 1949 show that the Philippines imported foreign goods worth P1,134,144,606.

The following table shows the value of the ten principal imports of the Philippines in 1949, 1948 and 1947:

	1949 Value (Pesos)	1948 Value (Pesos)	1947 Value (Pesos)
Total imports	1,134,144,606	1,136,409,068	1,022,700,608
Cotton and manufactures	133,791,804	137,363,424	153,442,326
Rayon and other synthetic textiles	96,143,594	105,019,904	90,584,900
Grains and preparations	88,738,500	84,110,422	98,834,050
Mineral oils (petroleum products)	55,257,244	68,503,810	36,842,052
Automobiles, parts of and tires	62,053,422	63,910,034	51,414,052
Iron and steel and manufactures	79,539,946	55,888,764	46,144,372
Tobacco and manufactures	35,490,628	49,391,482	43,962,246
Dairy products	46,834,558	45,824,662	42,825,172
Paper and manufactures	47,979,780	44,714,054	38,887,246
Machinery, machines and parts, except agricultural and electrical	47,940,248	43,170,350	36,422,882
Other imports	440,329,882	438,512,162	383,541,310

The percentage ratio of imports to total trade decreased from 75.82 per cent in 1947 to 64.03 per cent in 1948. In 1949, it increased to 68.9 per cent.

MAJOR EXPORT PRODUCTS

Three-fourths of Philippine exports have been agricultural products, either raw or processed. The production or processing of commercial crops, mineral, forest, and other industrial products has contributed in a large measure to the expansion of Philippine export trade. Among the principal postwar export products are:

Copra.—The Philippines is the biggest producer of copra and the leading exporter of coconut products in the world. Stimulated by increased world demand and high prices, copra production continued at a high level in 1946 and 1947 and has been exported in greater quantities than at any other time in the history of Philippine commerce. Copra stands today as the premier export of the Philippines, replacing sugar by a wide margin. Copra exports in 1949 were valued at P179,285,818 as against sugar exports of P90,464,340, or a difference of P89,000,000.

Sugar.—For many years before the war, sugar led all other commodity-exports in value. Shortly after liberation, because of lack of essential equipment and needed capital for rehabilitation, its progress toward recovery has been slow. Distinct signs of revival first became evident in 1947 when P4,081,188 worth of sugar (centrifugal) were exported, occupying seventh place. With the extensive loans granted to the sugar industry, its rehabilitation was so rapid that in 1948, it climbed to fourth place when P41,580,077 worth of sugar was exported. But in point of volume sugar was second to copra when 216,770,574 kilos were exported. Sugar copped runner-up position both in quantity and value in 1949 as 414,983 tons valued at P90,464,340 were exported abroad. At the rate the sugar industry is being rehabilitated, coupled with the noticeable recession in copra exports, it is safe to state that sugar may regain its prewar status as the number 1 export item in the near future.

Abaca (Manila hemp).—Retaining its monopoly of this fiber in the international market, the Philippines resumed its role of supplying the world's demand of abaca immediately after the end of the war. Damage to abaca plantations and equipment is estimated at P40,500,000, but the industry gradually recovered from war devastation as production increased from 193,538 bales in 1946 to 760,069 in 1947 although it slumped to 586,608 in 1948. Abaca exports in 1948 and 1947 were valued at P60,294,087 and P63,432,374 respectively as against P35,011,210 in 1941. In 1949 abaca shipments amounted to P57,802,294.

Desiccated coconut.—The manufacture of desiccated coconut has shown a steady expansion since liberation. In spite of the difficulties under which manufacturing industries had to carry on, production rose from 9,170 metric tons in 1947 to 45,240 metric tons in 1948. The export value of this commodity advanced from P4,100,480 in 1946 to P19,054,656 in 1947, thereby raising it to third berth in the Philippine export trade. In 1948, exportation further increased to P57,491,099 maintaining third position but in 1949 the value amounted to P38,732,640 thus moving down to fourth place.

Coconut oil.—As in the case of desiccated coconut, coconut oil responded to the demand made upon coconut products in the world market. The value of exports rose from P630,090 in 1946 to P13,940,603 in 1947 and leaped further to P40,738,581 the following year, thereby maintaining consistently fourth position. In 1949, exports of this commodity amounted to P35,018,835 dropping to fifth berth in the export trade.

Embroideries.—Philippine hand embroideries had been one of the leading exports before the war. In 1938, exports amounted to P10,215,802 as compared with P10,714,144 in 1939. Since then the market for embroideries has steadily declined. In 1940, exports amounted to P9,176,695, and in 1941, P7,295,621. Postwar exports were valued at P83,228 in 1946 and P2,335,116 in 1947. But, in 1948, it jumped to P13,917,276 to garner seventh position. Embroideries ranked eighth among the principal exports when the value amounted to P11,969,873 in 1949.

Canned pineapples.—Philippine canned pineapples figured as one of the ten leading exports before the war. In 1940, exports were valued at P4,998,211, and in 1941, P3,001,381. The destruction of the pineapple canning plant in northern Mindanao temporarily halted the production and exportation of this product. Entering the export list in April, 1948, the value of export of this product amounted to P7,648,327 to place ninth in the export trade for that year, and advanced to the seventh position in 1949 when it reached P13,675,427.

Copra meal or cake.—Exportation of copra meal and cake, a by-product of coconut oil extraction, showed a steady increase in value from P657,742 in 1946 to P4,391,434, in 1947. In 1948 it still rose to P7,425,325 to capture tenth place, but in 1949 it dropped to eleventh berth with P5,858,769.

Gold and base metals.—Mining is an industry with total assets running to more than P200 million. It contributed to the government in 1940 more than P7,500,000 in taxes and supported about 680,000 people. It supplied the world with gold and silver worth P96,035,062, in 1941, and base metals, P11,098,693. Heavy losses were suffered during the war, estimated damage being placed at P121,000,000, but today several mines have been reconditioned and rehabilitated—17 out of 101 prewar mines have been rehabilitated, 8 of which are producing gold and silver—so gold and base metal production is forging ahead once more. In 1946, the value of metals produced was P1,003,442 and in 1947, it increased to P11,334,433. Production of gold and silver in 1948 amounted to P14,515,942 and of base metals to P9,969,583, bringing the total value of metallic production to P24,485,480. Exportation of metallic ores since liberation was not substantial except in the case of chromite. The value of chromite exports increased from P446,500 in 1947 (none in 1946) to P5,191,779 in 1948 to garner eleventh place. In 1949, it amounted to P5,564,711 and maintained last year's position.

Lumber and timber.—One of the leading export items before the war, lumber and timber did not figure prominently in the list of export products up to the middle part of 1948 due to the restriction imposed on its exportation by the government which allowed only 20 per cent of the total production. But on June 8, 1948, exportation was increased to 50 per cent of production which resulted in increased exports amounting to P5,675,859 to cop the twelth place among the principal exports in 1948. In 1949, lumber and timber moved to tenth place with a value of P6,520,563.

Cordage.—Rope manufacturing suffered a setback on account of the destruction of local cordage factories, but as these are being gradually rehabilitated, exportation of the product has been resumed. In 1940, cordage export was valued at P3,471,402 as compared with P2,222,443 in 1946 and P2,904,420 in 1947. The following year, exports amounted to P4,066,577 and during 1949, the value was P3,626,524.

Leaf tobacco.—For many years the Philippines has been a producer and exporter of tobacco. The soil and climate conditions of the country, particularly the Cagayan Valley (Luzon Island), are favorable to the growing of tobacco. In 1939, the production of leaf tobacco reached a total of 32,114,862 kilos, but because of war devastation, production declined to 14,332,600 kilos in 1946, 16,560,000 kilos in 1947 and 17,290,000 kilos in 1948. This product is exported chiefly to Spain, France, Belgium, the United States, China and French East Indies. Exports of leaf tobacco in 1940 were valued at P2,621,910, while in 1947 the total was P4,064,507. In 1948, the value reached P1,361,374 and in 1949, it amounted to P4,087,577. The Philippine Government is interested in the further rehabilitation of the tobacco industry as well as in the expansion of foreign markets.

Cigars. — Philippine cigars, well known to smoking connoiseurs throughout the world, figured among the leading export items before the war. Due to war destruction, production declined considerably, so much so that in 1946 the output amounted to only 48,738,013 pieces as against 281,638,047 in 1941. The rehabilitation of cigar factories may boost the output of cigars again to supply the needs of foreign buyers who have long missed good quality Manila cigars. Exports of cigars in 1948 amounted to $185,660 and P243,160 in 1949.

Maguey.—This was non-existent in the 1946 export items, but in 1947 a substantial quantity of this product, totaling P3,294,882 in value, was exported. In 1948, maguey shipments amounted to P1,660,719 only. In 1949 exports were valued at P742,104.

Rattan furniture.—Although not a major export product before the war, the manufacture of rattan furniture has expanded steadily since liberation. The value of exports of this product has, however, consistently dropped from P980,788 in 1946 to P868,257 in 1947 and to P646,711 in 1948. However, in 1949, it amounted to P986,757.

Ramie.—The cultivation of ramie in the Philippines is of recent origin, but it already shows great promise. At present 3,000 hectares are under cultivation, and the output is about 850,000 kilos a year. Ramie fiber is about three times the tensible strength of American hemp, five times that of linen, seven times that of silk and eight times that of cotton. In 1946, a total of 45,150 kilos of ramie valued at P46,780 was exported to the United States and Switzerland. In 1947 and 1948, P13,914 and P76,465 worth of ramie fibers respectively were exported most of which went to Japan. In 1949 shipments of ramie were valued at P13,402. Further development of the ramie industry is of utmost importance in order to supply the need of foreign markets for this wonder fiber.

Other lesser export items which may be developed into major exports are: crude rubber, hats, gums and resins, candies and canfectionery, shells and shell manufactures, pearl buttons, vegetable lard, cutch, wines and liquors, fruits and preparations, hides and skins and wood furniture.

DOMESTIC TRADE

Philippine domestic trade, although largely controlled by alien traders, especially Chinese, is an important phase of the country's economy. Despite this apparently anomalous situation, the Filipinos own more number of establishments than their alien competitors. The history of domestic trade in the Philippines, especially the retail trade, is one of slow but steady growth of the participation of the Filipinos. In 1918 the participation of the Filipinos in the retail trade was estimated at 10 per cent but this has been gradually increased until today it is estimated to be from 30 per cent to 40 per cent. During the Japanese occupation, the importation of foreign goods was totally stopped so that only domestic goods were available in the market. Due to the hard times then prevailing, most Filipinos engaged in the "buy and sell" of commodities and this signalled the beginning of their active participation in the retail trade. After the liberation, the pent-up desire of the people for foreign goods found expression in their heavy importation so that at present

INDUSTRIAL & AGRICULTURAL PRODUCTION IN THE PHILIPPINES

MANUFACTURING

The manufacturing industries have come to their own and are bound to make more strides in the years ahead. During the year 1938, of the total value of P638,410,456 for export products, P176,060,793 were for local manufactures, while for the year 1949, of the total value of exports which amounted to P511,700,704, P189,861,115 were for local manufactures. Of the ten leading exports for the latter period, five—centrifugal sugar, desiccated coconut, coconut oil, embroideries, and canned pineapples—were local manufactures. Their export values together with their place in the export list are as follows:

Centrifugal sugar P90,464,340 (second), Desiccated coconut P39,732,640 (fourth), Coconut oil P35,018,835 (fifth), Pineapples, canned P13,675,427 (sixth), Embroideries P11,969,873 (seventh).

Other manufactures which figured prominently in the export trade are cordage and rattan furniture, the values of which amounted P3,626,524 and P986,757, respectively, for the same period. Aside from the above industries, others which are more or less organized on a commercial basis are those engaged in the manufacture of cigarettes, vegetable lard and margarine, soap, candy and confectionery, shoes, textiles, cement, wines and liquors, soft drinks, ceramic products, plastic articles, tiles, rattan furniture, wood furniture, matches, plywood, paints and varnishes. Articles of the cottage type which are produced in household shops include hats, stoves, sacks, rugs and other products made of abaca, shellcraft, and fancy articles. The manufacturing industries of the country are expected to be stepped up when the industrialization program is implemented. The plan calls for the establishment of hydroelectric power plants in the Maria Cristina Falls in Lanao, the Agno River in the Mountain Province and several other places. This will provide additional electric power for the manufacturing industries which are expected to expand in the near future.

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consumer goods from foreign countries make up the bulk of the commodities in the local market.

Domestic goods play an important role in local trading. These consist of fresh vegetables, fish, the staple commodities, livestock, and locally-manufactured products (pottery, other kitchen utensils, and cloths woven in the Ilocos and the Visayan provinces which are distributed in other places, by peddlers or retail stores). Other goods which are widely distributed are furniture, hats, basket wares, mats, slippers, handbags, and wooden shoes.

HANDICRAFT INDUSTRIES

The Filipinos are by nature adept in handicraft industries. Even before the discovery of the Philippines by Magellan in 1521, they were already skilled in pottery, weaving, wood carving and the like. Today these industries together with embroideries, furniture, and hat making constitute the basic handicraft or cottage industries of the country. The importance of these industries may be gleaned from the fact that in 1949, the Philippines exported P13,298,994 worth of manufactured articles, of which P11,969,873 represent the value of embroideries, P1,068,344 for wood and rattan furniture, P33,870 for cloth products, P22,778, for hats, and P5,129 for curios. One of the most important of the cottage industries is hat making which is a million-peso household industry. In past years, the value of Philippine hats exported ranged from 5 to 6 million pesos annually. Subsequent years, however, saw the gradual decline of the volume of exports. The "calasiao" hats in Pangasinan, the "arayat" in Pampanga are all manufactured from fibers extracted from the buri palm. The other kinds of hats made from other fibers are the "pandan", "sabutan," "rattan," and "guinit".

INDUSTRIAL DEVELOPMENT PROGRAM

Blueprinted through the joint efforts of the Beyster Commission and the National Development Company the industrialization program of the country is now being carried out. This program forms part of the overall economic development plans of the country to raise the level of production and the standard of living of the people. The program which aims at limited and selective industrialization envisions the increase in agricultural production mainly directed towards self-sufficiency in food and improved quality and increased quantity of export products. The corollary industrialization plans call for the establishment of different industries to process some of the raw materials for export and to produce simple consumer goods out of raw materials available locally to replace some of the goods imported. Among the proposed industries are the iron-steel plant, agricultural machinery and machine tools industry, shipyards, ferroalloy industries, a petroleum refinery, cement and concrete products industry, clay prducts plants, chemical industries including chemical fertilizers, lumber and timber products industry, textiles and apparel, alcohol fuel, and hydroelectric power.

In consonance with this program, several plants have been established among which are a sugar refinery, a paper plant which turns out wrapping paper and newsprint, a lumber finish-mill, and a nail factory. To provide enough motive power for the proposed industrial plants, the Philippine government filed an application for a loan of P176 million with the World Bank for the establishment of hydroelectric power plants. The arrival from Japan of 3,000 units of reparations machine tools has also boosted the program. Part of the machineries has been earmarked for the proposed National Machinery Corporation while the others were disposed of to private industrial plants for their use. The Philippine government is also negotiating for the purchase of a shipyard from the United States which will be established in Mariveles, Bataan. This shipyard will build and repair ships with displacement of 20,000 tons. Lately, however, the administration has enunciated a policy of disposing government plants to private parties so as to give incentive to private individuals to establish industrial plants. For this purpose, the nail factory was sold to a local firm which is now supplying a substantial portion of the local demand for nails.

Private parties have kept up with the government in the industrialization of the country. Plants which have been established recently through private initiative are a factory producing fluorescent lamps and incandescent bulbs, an assembly plant for trucks and automobiles, a plant turning out steel windows and planning to turn out steel doors, sashes, grills and sheet metal products, a glass factory producing bottles, several bottling plants, a knitting factory and several factories producing plywood and related products. In the first two types of plants, the government is a substantial stockholder.

PRODUCTION

Agricultural.— The Philippines is preeminently an agricultural country. Of the approximate land area of 29,740,972 hectares, the potential area available for agricultural, industrial and other purposes after the timber is cut, is 18,162,668 hectares. The total area planted to crops, fruits and nuts for the crop year ending June 30, 1949, was approximately 4,946,000 hectares, as compared to 4,628,400 hectares planted during 1948, or an increase of 263,560 hectares. About 44 percent of the total cultivated area in 1949, or 2,164,000 hectares was planted to rice; 19 percent or 965,500 hectares to coconuts; 17 percent or 866,200 hectares to corn; and the remainder or 11 percent to root crops, fruits and nuts, beans and vegetables, tobacco and rubber.

The total volume of agricultural production for the crop year ending June 30, 1949, amounted to 5,885,450 metric tons (valued at P1,479,601,100), representing an increase of 11 percent over the volume of 1948 production of 5,157,560 metric tons (valued at P1,427,229,200).

Rice is the chief staple food of the Filipinos. Normal yearly production

before the war averaged 2,300,000 metric tons of palay (rough rice). In 1937 the total production of this cereal amounted to 2,420,692 metric tons. 1946 rice crops was reduced to 1,623,330 metric tons due to loss of work animals and farm implements during the war. In an effort to catch up with prewar levels, rice production increased to 2,491,290 metric tons in 1949, or 2.9 percent over the 1937 production. The 1949 rice crop was valued at P735,482,600, compared with P656,431,390 in 1948.

Top priority in the government production program is given to rice. Even before the war considerable amounts of this cereal were imported to meet shortage in the domestic production. Although the present output has already exceeded the highest prewar record, this production is still short by 6 million cavanes of present requirements. The government is now carrying out an intensive rice production program through the construction of irrigation systems, extensive use of fertilizers, mechanization of farm work and opening of new areas that are now being planted to rice. It is expected that if this program is carried out to its full development, the Philippines will not only be self-sufficient in rice but may also become a rice-exporting country during the next five years.

Sugar production is now approaching prewar level. In the 1948-49 crop year, the sugar industry produced a total 729,238 short tons, as against 398,113 short tons in 1947-48. It is estimated in 1949-50 crop year, the industry will produce 830,000 short tons. Of this amount 630,000 short tons will be worth approximately P135,000,000 on the basis of P13.50 per picul. It is expected that the full quota of duty-free sugar exports to the United States will be covered in the next two or three years.

Abaca production fell off slightly from 99,460 metric tons in 1948 to 74,510 metric tons in 1949, a reduction of 25 percent. In 1937, abaca output amounted to 200,627 metric tons, dropping to 164,917 in 1938 and to 144,131 metric tons in 1939.

Copra resecada production reached an all-time high of 998,140 metric tons in 1947; declined to 882,780 metric tons in 1948 and further dropped to 698,120 metric tons in 1949. In 1940 copra production was 738,474 metric tons, the highest on record before the war.

Coconut oil output in 1949 totalled 102,300 metric tons, compared with 90,000 in 1948, and 68,150 in 1947. The 1937 output amounted to 231,000 metric tons.

Corn production in 1949 amounted to 534,070 metric tons, slightly exceeding the 1941 level of 533,799 metric tons, and a little less than the 1940 all-time high of 572,185 metric tons.

Leaf tobacco production increased steadily from 14,330 metric tons in 1946 to 17,655 metric tons in 1947, dropped to 17,290 metric tons in 1948, and increased again to 21,920 metric tons in 1949. In 1938, production of leaf tobacco totalled 39,069 metric tons.

Record production was also registered in beans and vegetables, fruits and nuts, all of which have now exceeded prewar level.

Livestock.— Next to farming, the greatest number of people are engaged in livestock industry. Every farmer has his own livestock, and nearly every family its poultry or pig pen.

The livestock population of the Philippines in 1940 was placed at 3,015,400 heads of carabaos, 1,396,260 cattle, 343,500 horses and 4,446,790 hogs. The animal population however, was greatly decimated during the war. In 1949 the total livestock population was estimated to be 1,972,859 heads of carabaos, 705,260 cattle, 216,616 horses, 3,348,861 hogs, 316,806 goats and 31,399 sheep.

Forest products.— Among the valuable Philippine hardwoods are: narra, tindalo, camagon, akle, molave, yakal, banugo and guijo. The species white lauan, almon, red lauan, tangile, bagtikan, mayapis and tiaong are known as "Philippine mahogany." The following minor products are gathered from Philippine forests: cutch, tanbark, rattan, resins, gums, oils, beeswax, firewood, charcoal, guttapercha, medicinal plants and orchids.

Approximately 97 percent of the forests are governmentowned, 3 per cent being privately owned. The stand of timber in the commercial forests is estimated at approximately 464 billion board feet.

Lumber and timber production reached its peak in 1949, showing an activity similar, if not better than prewar. Figures from the Bureau of Forestry show that in 1949 a total of 1,037,596,332 board feet of timber and 491,971,217 board feet of sawn lumber were produced, compared with the output of 1,032,626,891 board feet, and 331,972,777 board feet, respectively, for 1940.

Fisheries.— Some 2,000 varieties of fish abound in Philippine waters. Among these are: sardines, mackerel, tuna and bonito, mullet, seabass, milkfish and pampano. Fishing comes next to farming and livestock raising in point of usefulness and value and in number of people depending on it for their livelihood. Fish comes next to rice in importance in the Filipino diet.

Before the war the Philippines imported an average of 15,000 tons of fish products valued at P3,000,000, while the annual commercial in-shore catch amounted to about 21,000 tons in addition to 25,000 tons bangos produced in fish-ponds. Since liberation considerable progress has been made in rehabilitating the fishing industry, which is now almost wholly in the hands of the Filipinos. Prior to the war about 50 percent of the fish caught and distributed in the local markets was controlled by the Japanese. Further development and expansion of the fishing industry is being given particular attention by the Philippine Government through the Bureau of Fisheries. This bureau reported that for the year ending June 30, 1948, a total catch of 19,717,740 kilos of fish of different kinds was recovered. For the fiscal year 1949, fish output for 3 tons or more fishing vessels went up to 34 million tons.

Mines and Minerals.— Extensive deposits of gold, silver, iron, copper, manganese and chrome are found in the Philippines. Gold deposits are found in Baguio and contiguous parts of the Mountain Province and in Paracale district, all in Luzon; Masbate, Surigao and Zamboanga, Mindanao. Iron deposits are found in Camarines Norte, Bulacan and Surigao; chromite and copper in Zambales, and manganese in Ilocos Norte, Zambales, Palawan, Siquijor and other places.

In addition to base metals, such nonmetalic minerals as asbestos, gypsum, sulphur, limestone, clay marble and building stones, coal, petroleum and asphalt in greater or lesser quantities comprise the mineral wealth of the country.

In 1940, the total gold production of the Philippines amounted to P76,563,888; chromite, P2,661,764; iron, P5,633,728; copper, P3,487,701; manganese, P1,287,011; and silver, P1,874,701. The total investments in all mines in 1940 was P156,000,000. The mining industry suffered considerable devastation during the war, the plants and mills having been demolished or looted by the Japanese invaders. After liberation, efforts have been made to rehabilitate the mining industry, but so far only a few of the prewar companies have reported production.

The mineral industries had a reported output for both metallic and non-metallic minerals, for the first six months of 1949, amounting to approximately P23 million, which may mean a total output for the whole year of P46 million or thereabouts. The value of mineral production in 1947 totaled P8 million, and in 1948, P27 million.

CEYLON ECONOMIC REPORTS

Rs. 32½ MILLION REVENUE EXCESS IN DECEMBER, 1950

The Treasury records an excess of Receipts over Payments, amounting to Rs 32,549,891 for the month of December, 1950. The Receipts amounted to Rs 95,645,971 made up as follows: Revenue—Rs 62,494,148, and Excess of credits over debits in respect of Advance Accounts and Token Votes—Rs 33,151,832. The Payments were:— Voted Expenditure — Rs 55,109,208; Expenditure on Loan Works — Rs 7,447,495 and Expenditure on University Scheme—Rs 539,377.

The main sources of revenue in December were: Customs—Rs 38,236,204; Income Tax, Estate Duty, Stamps and Excess Profits Duty—Rs 7,734,926; Railway Revenue—Rs 5,280,043 and Excise and Salt—Rs 3,071,499. The main items of expenditure were: Food Subsidies—Rs 10,000,505; Education—Rs 8,364,917; Medical Services—Rs 4,625,009; and Public Works—Rs 2,185,348.

TEA SHIPMENTS

Shipments of tea to the United Kingdom Ministry of Food, so far, under the 1950 U. K.—Ceylon Tea Contract, amount to 78,016,128 lbs. Shipments in January amounted to 9,389,008 lbs.

The total quantity of tea manufactured during the year 1950 was 306,214,579 lbs.

RUBBER EXPORTS

A total quantity of 11,804 tons of rubber were exported from the Island in January. The principal buyers were: United States of America—3,905 tons; United Kingdom—2,713 tons; Germany—807 tons; Italy—769 tons; Belgium—684 tons; Canada—674 tons; France—438 tons; Holland—399 tons; India—351 tons; Australia—245 tons; Mexico—179 tons. The total production in January amounted to 10,500 tons made up as follows: Estates—8,000 tons and Small-holdings—2,500 tons.

CARDAMOMS

Cardamoms are of commercial value on account of the spice obtained from them, which is well-known to cooks and confectioners. This spice is greatly used for flavouring Bologna sausages, liqueurs, etc.; in pharmacopoeia as a deadner of tastes, as well as a medicine; and its stimulative properties have led to its use in the preparation of drinks. The ground seeds can be used as a tooth powder and a snuff for headache.

The commercial part of the plant lies in the fruit which is borne on racemes (clusters on a central stalk) rising from the ground. The plant itself—**Eletteria Cardamomum** — grows in clumps under the shade of forest trees at elevations between 2,800 and 4,000 feet, with a rainfall of 115 to 150 inches a year. Two kinds are cultivated in Ceylon: (1) The Malabar variety has hairy under-surfaces to its leaves, and its flowering racemes are thrown out near to the surface of the ground; and (2) the Allepey or Mysore variety has smooth under-surfaces to its leaves and almost upright flowering racemes. The Mysore variety has a more robust growth, and owing to its upright racemes is generally preferred for cultivation.

The fruit is collected by women and children, and is manufactured into either (1) bleached or (2) green-dried cardamoms. In the former case, the fruit is bleached, soaked, and dried in sulphur fumes, the process being repeated until the required pale colour is secured, and the ends are clipped off either by hand or by a clipping machine. In the latter case, the fruits are merely dried in the sun.

The export figure for the year 1949 was 1,776 cwt. Buying interest was again mainly centred in the Middle East although Pakistan, and, towards the end of the year, the Continent, provided other good outlets.

CITRONELLA OIL

Citronella oil grass is a large coarse grass growing 3 to 4 feet high, cultivated in Ceylon (and of late years in Java) for its essential oil, which is obtained from the leaves by distillation. The grass grows in any ordinary soil, and thrives best in a moist and hot atmosphere. It flourishes up to 2,000 feet elevation, but its cultivation in Ceylon is confined to the south-west coast, where about 36,000 acres are under production. The grass is readily propagated by division (seed being rarely produced), and may be planted about 2 by 3 feet apart in rows. Permanent shade is unnecessary, and the cultivation is very simple, weeding being the chief requirement. The clumps are ready for cutting in about eight months from time of planting. Two cuttings a year may be obtained, and about 40 lb. of marketable oil per acre is an estimated annual yield. The oil is of a strong aromatic odour; it is exported for use in scenting soaps, perfumery, etc., and is also an excellent preventive against the bites of mosquitoes and leeches. The export figure for the year 1949 was 1,663,148 lbs.

HONGKONG FACTORIES AND LABOUR

As at the end of 1950.

TOTAL NUMBERS OF EMPLOYEES IN REGISTERED FACTORIES AND WORKSHOPS

Industry	Factories	Employees
Mining and Quarrying		
Metal Mining: Iron Ore Mining	1	1,890
Stone Quarrying, Clay and Sand Pits	1	56
Manufacturing		
Food Manufacturing Industries except Berverage Industries Meat Canning and Preserving	3	85
Dairy Products	3	18
Fruit and Vegetable Canning and Preserving:		
Vegetable and Fruit	10	300
Ginger	8	437
Vegetable Oils, Soy Sauce and Gourmet Powder	20	1,100
Bean Curd	18	251
Flour and Rice Milling	35	381
Bakeries, Biscuits and Confectionery	17	976
Sugar Factories & Refineries	4	467
Cocoa, Chocolate and Sugar Confectionery	8	171
Miscellaneous Food Preparations	26	705
Beverage Industries:		
Wine Industries	6	108
Breweries and Manufacture of Malt	1	163
Soft Drink Industries	11	435
Tobacco Manufactures:		
Cigarettes and Cigars	5	1,631
Manufacture of Textiles:		
Spinning, Weaving and Finishing		
Cotton Silk Spinning	22	8,005
Wool Spinning	2	220
Weaving	148	9,708
Finishing	51	1,183
Knitting Mills	28	9,301
Cordage, Rope and Twine Industries	5	263
Manufacture of Textiles not elsewhere classified	5	67
Manufacture of Footwear, other than wearing apparel & made-up textile goods:		
Manufacture of Footwear, except rubber footwear	7	351
Manufacture of Wearing Apparel, except footwear	44	2,196
Manufacture of Made-up Textile Goods, except wearing apparel	7	237
Manufacture of Wood and Cork, except furniture:		
Sawmilling	36	544
Cork Manufacturing	1	6
Manufacture of Trunks & Cases	8	295
Manufacture of Furniture & Fixtures:		
Wooden Furniture	9	227
Rattan Furniture	7	282
Manufacture of Paper and Paper Products:		
Paper Manufacture	1	12
Articles of Pulp, Paper & Paper-board	10	288
Printing, Publishing and Allied Industries:		
Printing	245	4,671
Newspapers	11	797
Paper Dyeing	3	145
Manufacture of Leather and Leather Products, except footwear:		
Tanneries	6	187
Manufacture of Rubber Products:		
Reclaimed Rubber Products	4	51
Shoes	42	3,124
Manufacture of Chemicals & Chemical Products:		
Basic Industrial Chemicals, including Fertilisers:		
Chemicals	8	116
Dyes	5	24
Salt	1	4
Miscellaneous Chemical Products:		
Firecrackers	1	198
Medicines	13	550
Cosmetics	11	251
Soap	2	103
Paint and Lacquer	9	420
Printing Ink	2	20
Matches	4	1,263
Joss Sticks and Mosquito Sticks	8	337
Camphor Oil & Powder	1	30
Glue and Gelatine	1	13
Bone-grinding	3	27
Candles	1	25
Lubricating Oil	1	6
Manufacture of Products of Petroleum and Coal:		
Petroleum Refineries:		
Kerosene Refinery	1	8

Manufacturing (Cont.)

Industry	Factories	Employees
Manufacture of Non-metallic Mineral Products, except Products of Petroleum and Coal:		
Structural Clay Products:		
Bricks	4	406
Pottery, China & Earthenware	2	128
Glass and Glass Products	31	902
Cement:		
Tiles and Blocks	5	122
Cement Manufacture	1	271
Non-metallic products not elsewhere classified:		
Abrasives	1	3
Gypsum Powder	2	11
Lime-kilns	7	181
Stone Crushing	5	41
Chalk	1	7
Basic Metal Industries:		
Iron and Steel Basic Industries:		
Iron Foundry	17	503
Rolling Mills	2	514
Non-ferrous Basic Industries:		
Refinery of Wolfram	2	16
Refinery of Manganese	2	44
Manufacture of Metal Products except Machinery & Transport Equipment:		
Tin Cans	19	911
Metal Wares	134	5,507
Aluminium Wares	4	281
Enamel Wares	17	2,722
Vacuum Flasks	7	697
Electroplating	26	574
Type Foundries	1	19
Manufacture of Machinery, except Electrical Machinery:		
Repair of Machinery	104	2,505
Manufacture of Electrical Machinery, Apparatus, appliances and Supplies:		
Repairs of Radios	1	58
Hand Torches	28	3,320
Electric Bulbs	21	595
Batteries	9	572
Electric Appliances	1	7
Manufacture of Transport Equipment:		
Shipbuilding & Repairing	19	8,180
Railway & Tram Construction & Repairing:		
Tramways	1	632
Repair of Motor Vehicles and Cycles:		
Motor Buses	2	737
Lorries and Cars	1	56
Aircraft Repair:		
Aircraft (overhauling)	2	470
Miscellaneous Manufacturing Industries:		
Manufacture of Photographic & optical Goods	3	67
Jewellery & Related Articles	1	8
Musical Instruments:		
Gramophone Records	1	2
Pianos	1	2
Industries not elsewhere classified:		
Toys	1	82
Pencils	5	153
Abacuses	1	9
Feather sorting and cleaning	7	318
Toothbrushes	5	160
Buttons	15	490
Ice and Cold Storage	7	454
Bakelite Wares	4	207
Plastic Wares	9	199
Ivory Wares	1	12

Industry	Factories	Employees
Construction		
Construction:		
Construction Works	1	180
Terrazo Works	2	59
Electricity, Gas, Water and Sanitary Services		
Electricity Gas and Steam:		
Electric Light & Power	5	822
Gas Manufacture & Distribution	1	401
Commerce		
Wholesale & Retail Trade:		
Petroleum Installation	3	1,044
Transport, Storage and Communication		
Transport—Packing Cargo	3	31
Communications:		
Cable & Wireless	1	18
Telephones	1	533
Services		
Recreation Services:		
Motion Picture Production	2	43
Personal Services:		
Laundries	42	971
Total	1,752	91,986

SUMMARY

Industry	Total Employees December, 1950	% of Grand Total
Mining and Quarrying	1,946	2.12
Manufacturing:		
Food Manufacturing, except Beverages	4,891	5.32
Beverage Industries	706	.77
Tobacco Manufactures	1,631	1.77
Textiles	28,747	31.25
Footwear, other than wearing apparel	2,784	3.03
Wood and Cork, except Furniture	845	.92
Furniture and Fixtures	509	.55
Paper and Paper Products	300	.33
Printing, Publishing & Allied Industries	5,613	6.10
Leather & Leather Products, except footwear	187	.20
Rubber Products	3,175	3.45
Chemicals and Chemical Products	3,387	3.63
Products of Petroleum and Coal	8	.01
Non-metallic Mineral Products, except Products of Petroleum and Coal	2,072	2.25
Basic Metal Industries	1,077	1.17
Metal Products, except machinery	10,711	11.65
Machinery, except electrical Machinery	2,505	2.72
Electrical Machinery and Apparatus	4,552	4.95
Transport Equipment	10,075	10.95
Miscellaneous Manufacturing Industries	2,168	2.35
Totals, Manufacturing	87,884	95.45
Construction	239	.26
Electricity, Gas, Water and Sanitary Services	1,223	1.33
Commerce	1,044	1.13
Transport, Storage and Communication	582	.63
Services	1,014	1.11
Grand Totals	91,986	100.00

MEMBERSHIP OF REGISTERED TRADE UNIONS

Unions	208
Membership	147,427

INDUSTRIAL DISTRIBUTION OF MEMBERSHIP OF REGISTERED TRADE UNIONS

Group of Unions	Approx. No. of Members	Percentages of Total
Agriculture, Forestry, Hunting and Fishing	1,246	.8
Mining and Quarrying	69	.05
Manufacturing	46,139	31.3
Construction	8,437	5.7
Electricity, Gas, Water and Sanitary Services	5,068	3.5
Commerce	10,718	7.3
Transport, Storage and Distribution	46,047	31.2
Services	29,703	20.1
Totals	147,427	100.0

MEMBERSHIP OF REGISTERED EMPLOYEES' ASSOCIATIONS

Associations	70
Membership	8,476

INDUSTRIAL DISTRIBUTION OF MEMBERSHIP OF REGISTERED EMPLOYERS' ASSOCIATIONS

Group of Associations	Approx. No. of Members	Percentages of Total
Manufacturing	4,819	56.9
Construction	535	6.3
Commerce	2,745	32.4
Transport, Storage and Distribution	106	1.2
Services	271	3.2
Totals	8,476	100.0

HONGKONG'S COTTON SPINNING INDUSTRY

The chapter on the procurement of raw materials in the history of Hongkong's cotton spinning industry is now temporarily closed, and a new one on the industry's struggle for existence during the present world tension by keeping down production costs of yarn has begun. Following the relaxation of export control on cotton by the Pakistan government last November, the raw material problem which at one time seriously threatened the local spinning mills automatically came to an end. Today shipments are arriving normally not only from Pakistan, but also from Egypt and Turkey to meet the requirements of the local factories, which are operating at full capacity. Although no shipments are coming in from the United States, this does not affect the situation to any great extent as the local cotton mills normally use only a small proportion of the finer and more costly American cotton.

Local cotton mill circles contacted by the *Far Eastern Economic Review* made it understood that the question of raw cotton supply was over and showed no immediate concern over the matter. The cotton stocks now on hand are sufficient to carry the factories over a period of at least two months, and the way has been cleared of all obstacles to the regular delivery of raw cotton to the mills in the future. The price of raw cotton, however, has increased considerably

during the past half year. The cost today of the Pakistan product is 2,036 rupees per candy of 784 lbs. This high price of the product is due mainly to the raising of the export tax by the Pakistan government. Earlier last year the tax was 120 rupees per candy, in September it was hiked to 340 rupees, and in the following month to 600 rupees. This sudden excessive increase in the export tax constituted one of the chief factors precipitating the near crisis in the local spinning industry towards the end of last year. However, as both British and Japanese cotton mills accepted the increase, the local producers were also obliged to reluctantly agree to it following unsuccessful representations to the Pakistan government. The market price of cotton yarn has also appreciated but to a much lesser degree. Selling in January last year at around $1,160 per bale, 20's cotton yarn improved to $1,600 in September. Today it is quoted in the market at approximately $2,500 per bale. With raw cotton costing about $4.50 per lb., spinning circles stress that the margin of profit of the mills operating today is very narrow. To produce one bale of 20's yarn of 400 lbs. from 460 to 470 lbs. of raw cotton is required. The main aim of the mills at the present time is to keep up operation without incurring a loss.

The present local yarn output is around 15,000 bales per month. Of this amount some 70 percent are products of 20 counts, which are ordinarily in greater demand and have a larger market than the yarn of other counts. As a rule, the production of the different counts of yarn varies from time to time, depending on the demand, but usually the output of 20's is considerably greater than the combined output of 10's, 32's, 40's and 42's, which are also produced by the local cotton mills. The largest markets for locally produced cotton yarn, not considering the local weaving and knitting mills, are India, Indonesia and Thailand. Exports are also made to Japan, Australia and South Africa. To the United Kingdom no cotton yarn is exported but only cloth and other textile products, while there are also no exports to China, whose many cotton mills are capable of supplying the country's needs.

One notable fact about Hongkong's cotton spinning industry is the remarkable increase in the number of spindles during the last two years. During 1949 the number of spindles operated by the 13 local cotton mills increased from about 90,000 to a total of 131,000, and in that year the yarn output rose to 59,365 bales each of 400 lbs. In 1950 the spindles continued to increase and today the total is estimated by the industry at 187,780, with an additional 13,384 spindles planned to be installed in the near future. Of these 13 mills only one, the Pao Hsing Cotton Mill, Ltd., does not produce yarn of 20 counts, but only of 30 counts and upwards. These mills in addition operate together 1,540 cloth looms, of which 486 are automatic. All the spindles installed by the local mills are new and of late design. They are of different manufactures, having been imported from the United States, the United Kingdom, Japan and Switzerland. Each spindle has an average daily capacity of 1.1 to 1.2 lbs. of yarn. The number of workers employed by the local cotton mills is comparatively large. The total complement is estimated at some 10,000, not including another 7,000 indirectly employed by the industry.

The major problem facing the industry today is how to continue operation without loss. Owing to the expensive price of cotton and the high cost of labour, coupled with the uncertain international situation, this is in no way a simple undertaking. Nevertheless, hopes are high among the industry that no serious difficulties will be encountered. Factory quarters give little credence to occasional rumours that consideration was being given to the question of removal to China. The lack of favourable conditions in Hongkong for cotton mills is admitted, such as wide separation from the sources of raw material supplies and high labour wages, but the transfer of a whole factory with its equipment from one place to another is not easily achieved. There are here many favourable conditions which are not found on the mainland, such as lower taxes and fewer restrictions and no interference.

The following is a list of the cotton mills showing their factory addresses, current numbers of spindles and looms:

	No. of Spindles	No. of Looms
Nanyang Cotton Mill, Ma Tau Kok Road	22,200	222
South China Textile, Ltd., Ma Tau Wei & To Kwa Rd., 62, Castle Peak Road	12,000	210
Hongkong Cotton Mills, Ltd., N.K.I.L. 3515	37,856	—
Wyler Textiles, Ltd., K.M.L. 90, To Kwa Wan Road	28,656	264
South Sea Textile Mfg. Co., Ltd., Tsun Wan, Castle Peak Road	10,500	—
Oriental Cotton Spinning & Weaving Co., Ltd., Hok-Un, K.	8,200	103
Lea Tai Textile Co., Ltd. 357, Sha Tin, New Territories	5,040	50
Kowloon Textile Mill, Sham Tseng, Tsun Wan	20,000	261
Shanghai Textiles, Ltd., Tsun Wan, Castle Peak Rd.	12,800	—
Pao Hsing Cotton Mill, Ltd., Tsun Wan, Castle Peak Rd.	10,020	—
East Sun Textile Co., Ltd., 421, Tokwawan Road	5,184	230
South Textiles, Ltd., Tsun Wan, Castle Peak Rd.	5,880	200
New China Textiles, Ltd., 7, Milestone, Castle Peak Road	10,000	—

HONGKONG RUBBER MANUFACTURING INDUSTRY

In our issue of Feb. 8, p. 164, an article "Rubber Factories of Hongkong" was published. A brief description of the various rubber manufacturing companies with their normal working capacities is given in the following:—

Fung Keong Rubber Mfy. Ltd.: The factory of this concern is located at 407 Shaukiwan Road, with several sales offices operated in different parts of the town. The products are rubber shoes, rubber boots, rubber bands and bicycle tubes. The factory has a normal complement of over 1,700 workers and the monthly output of rubber shoes is around 450,000 pairs, and of bicycle tubes about 6,000 dozens.

Hongkong Rubber Mfy. Ltd.: The factory is situated at K.I.L. 4039, Tam Kung Road. Its normal complement of workers is over 2,000, and its monthly output consists of 450,000 pairs of rubber shoes and 120,000 pairs of rubber boots.

Continental Rubber Factory: Located at 25 Tung Chow Street, Kowloon, this manufactory produces rubber footwear exclusively. It employs about 500 workers and its monthly production approximates 200,000 pairs.

Wah Keong Rubber Manufactory: The plant is located at 4 Anchor Street, Kowloon. Its products include rubber shoes, overshoes, rubber balls, ball bladders and rubber bands. It normally operates with 350 workers, turning out about 200,000 pairs of footwear per month.

Tai Hang Rubber Factory: This is situated at 255 Castle Peak Road, Kowloon. It employs about 470 workers and produces approximately 300,000 pairs of rubber footwear per month.

Canton Brothers Rubber Co., Ltd.: The factory address is 216A Hai Tan Street, Kowloon. The products are rubber shoes and boots. The complement of workers totals about 100 and the normal monthly output of rubber shoes is over 30,000 pairs.

Sun Sun Rubber Factory: Located at 130-132, Fuk Wing Street, Kowloon, this enterprise has around 150 workers. It produces rubber shoes and toys and the monthly output of rubber shoes is around 60,000 pairs.

Popular Rubber Works: The address of this factory is 28 Belcher's Street. It has less than 100 workers and its monthly output of rubber shoes is 90,000 pairs.

South Ocean Rubber Works: Situated at 290-300, Cheung Sha Wan Road, Kowloon, the plant employs about 240 workers and its products are rubber shoes, toys and rubber sheets. The monthly output of rubber shoes is about 90,000 pairs.

Wilman Rubber Products: The factory of this company is situated at 203-211, Nan Cheong Street, Kowloon. It has about 100 workers and it turns out rubber shoes, slippers and toys. The monthly output of rubber shoes is estimated at about 40,000 pairs.

Sun Wah Manufactory: Located at 359A, I.L. 556, Shek Kip Mei Village, Kowloon, this concern produces rubber shoes, sandals, balls and ball bladders. It has over 30 workers and its output of rubber shoes is about 20,000 pair per month.

Chi Keung Rubber Factory: This is located at 64-66, Sai Yeung Choi Street, Kowloon. It products include rubber shoes, slippers and toys, and of the former its monthly output is about 40,000 pairs.

Willie Canvas Weaving & Rubber Shoes Mfg., Co.: The factory is located at 53, Taipo Road, Kowloon. Working with slightly over 100 factory hands it turns out about 30,000 pairs of rubber shoes and 6,000 yards of canvas.

Kin Kwok Rubber Factory: This factory, at 4, Shum Chun Street, Kowloon, produces rubber shoes, tyres, inner tubes and rubber bands. It employs about 150 workers and its monthly output of shoes is 60,000 pairs.

Barretts Rubber Mfy.: The address of this factory is 193-199, Fuk Wah Street, Kowloon. Among its products are rubber shoes, toys, soles and heels and its monthly production of rubber shoes is about 40,000 pairs.

Tai Wah Rubber Factory: With address at 25, Tung Chow Street, Kowloon, this plant employs over 30 workers and produces over 20,000 pairs of rubber shoes per month.

Tai Yip Rubber Mfg., Co.: This concern operates at 29 Yen Chow Street, Kowloon. There are about 60 workers and the monthly output is around 36,000 pairs of rubber shoes.

Wing Wah Rubber Factory: This is situated at 89 Oak Street, Kowloon. It has a very small complement of workers and the monthly output is about 10,000 pairs.

Tai Tung Rubber Factory: Situated at 149, Kiukiang Street, Kowloon, this has about 30 workers. The production is around 20,000 pairs of rubber shoes and 25,000 pairs of rubber slippers.

Sham Ta Rubber Factory: This factory, situated at 87, Chick Hip Me Village, Kowloon, employs about 30 workers. The monthly output is about 12,000 pairs of rubber slippers and 1,300 dozens rubber toys.

Sincere Rubber Factory: Located at 52A, Shek Kip Mei Village, Kowloon, this factory produces solely rubber slippers. The monthly output is about 12,000 pairs.

Man Cheung Rubber Factory: Operating at 22, Fook Chuen Street, Tai Kok Tsui, this plant manufactures various kinds of rubber goods, including sandals and balls. It has about 30 workers and its output is about 2,400 dozens per month.

Wah Tai Rubber Factory: Situated at 287, Castle Peak Road, Kowloon, this is one of the few factories equipped to produce bicycle tyres and tubes. Its monthly tyre output is 3,000 pieces, rubber soles 300 dozen pairs and balls and toys 3,600 dozens.

Wing Tai Rubber Factory: This is located at I.L. 2538, Shek Kip Mei Village, Kowloon. The monthly output consists of about 2,000 pairs of rubber shoes and 1,200 dozen rubber balls.

Kin Keung Rubber Factory: Located at K.I.L. 410, Fok Tsun Hong Street, Kowloon, this plant employs about 100 workers and turns out each month about 40,000 pairs of sandals.

Kan's Bros. Rubber Mfg., Co.: With factory at 699, Pak Tin Village, this enterprise employs about 20 workers and produces about 4,000 pairs of rubber shoes and sandals every month.

Sun Hing Rubber Factory: Located at 612, Reclamation Street, Kowloon, this factory turns out monthly about 1,500 dozens rubber heels, 300 dozens rubber soles and 30,000 pieces rubber sheets.

De Luxe Rubber Factory: This operates at K.I.L. 128, Mongkok Road, Kowloon, with about 80 workers. Rubbers shoes are the exclusive products and the monthly output is about 15,000 pairs.

Lickson Rubber Factory: The address is K.I.L. 2948, Fuk Chuen Heung Street, Tai Kok Tsui. Over 100 workers are employed and the monthly production amounts to 80,000 pairs of rubber shoes shoes and 15,000 pairs of rubber boots.

Lee Man Rubber Mfy.: This is located at 15 Arrant Street, Kowloon, and it has over 150 workers. Its monthly output of rubber shoes is estimated at 90,000 pairs.

Kwangtung Rubber Products Mfy.: This is situated at 583, Reclamation Street, Kowloon, and it produces rubber shoes. Its monthly output is around 15,000 pairs.

Sing Shing Rubber Factory: This plant operates at 221 Yee Kuk Street, Kowloon, with a complement of about 50 workers. Its monthly output consists of over 20,000 pairs of rubber sandals.

Wah Tai Rubber Factory: Situated at 287 Castle Peak Road, Kowloon, this employs about 30 workers and turns out a monthly total of some 1,800 dozen pairs of rubber soles.

Wah Chung Rubberware Mfy.: This is located at 326 Kilung Street, Kowloon. It produces rubber toys exclusively and the monthly output is around 3,000 dozens.

Leda Industries: This factory at 83, Pak Tai Street, Kowloon, has a complement of about 50 workers. Its products include various kinds of inflatable animal toys and the monthly output is about 1,500 dozens.

Fung Hang Rubber Mfy.: Situated at 183, Hai Tan Street, Kowloon, this factory produces rubber toys, of which about 3,400 dozens are turned out per month.

Lock Koon Rubber Toy Mfy.: Operating on the second floor of 118, Cheung Sha Wan Road, Kowloon, this has a monthly production of around 3,000 dozen rubber toys.

Tai Shing Rubber Toys Factory: Situated on the second floor of 97, Tai Po Road, Kowloon, this plant has a normal capacity of 3,500 dozen toys per month.

Tai Chung Rubber Toys Factory: The address of this manufactory is 79, Fuk Wing Street, 2nd floor, Kowloon. The monthly output capacity is about 4,000 dozens.

Lo Man Rubber Factory: This factory at 195B, Shek Kip Mei Village, Kowloon, turns out rubber surf rings, ball bladders, rubber floats and inflatable animals. Of surf rings the monthly production is about 1,500 dozens.

Rainbow Latex Products Mfg., Co.: Situated at 5, Craftsman Road, Diamond Hill, the factory produces latex gloves, toy balloons, etc. The output per month includes 3,000 gross toy balloons and 600 dozen gloves.

Wai Dah Industries: The factory of this concern is located at 502, Fuk Wing Street, Kowloon, and has a complement of over 100 workers. It products are rubber toys, of which the monthly production amounts to some 15,000 dozens.

HONGKONG MINING PRODUCTION

	Iron Ore (Tons)	Wolfram (lbs.)	Tin Ore (lbs.)	Tin Slab (lbs.)
1949	59,181	900	800	584
1950	169,374	—	1,000	—

HONGKONG CEMENT PRODUCTION

Monthly Average 1949	Monthly Average 1950	December, 1950
Metric Tons	Metric Tons	Metric Tons
4,889	5,673	9,904

HONGKONG FLUID MILK PRODUCTION

Monthly Average 1949	Monthly Average 1950	December, 1950
Gallons	Gallons	Gallons
63,076	76,353	78,680

HONGKONG RAILWAY

KOWLOON-CANTON RAILWAY (BRITISH SECTION) GOODS AND PASSENGER STATISTICS

	Monthly Average 1950	December, 1950
	Nos.	Nos.
Passengers: Local		
Upward	257,374	292,749
Downward	255,527	291,057
Military Tickets	8,362	12,068
Passengers: Foreign		
Upward	—	—
Downward	—	—
	Kgs.	Kgs.
Goods: Local		
Upward	16,936,013	26,002,280
Downward	11,656,614	11,438,870
Goods: Foreign		
Upward	—	—
Downward	—	—
	H.K.$	H.K.$
Revenue: Passengers		
Local	600,157.29	659,159.45
Foreign	—	—
Revenue: Goods		
Local	187,599.30	237,892.65
Foreign	—	—
Miscellaneous Receipts ..	70,397.47	79,478.56

Note:—Through traffic was suspended on 15th October, 1949.

HONGKONG'S PRINCIPAL TRADING PARTNERS IN AUGUST 1950

Hongkong's trade for August 1950 amounted to $644.2 million ("Far Eastern Economic Review" Sept. 28, No. 13); imports of merchandise totalled $296 million and exports $348.2 million, showing a favourable balance of $52.2 million. On this and the following pages are given details of trade with the principal countries dealing with the Colony. Values are given in Hongkong dollars ($16 to £ and $5.80 to US$); imports refer to imports into Hongkong and exports to goods shipped abroad. (Details of Hongkong's trading partners in July were given in the Review of Dec. 7, No. 23, and Dec. 14, No. 24). *All values below are in HK dollar millions.*

United Kingdom

Imports	$27.55 m.	(July $33.07 m.)
Exports	$12.66 m.	(July $10.62 m.)
Import Ex.	$14.89 m.	(July $22.45 m.)

Main imports: Textile fabrics & small wares $4.56 m. (July $3.64 m.) yarns & threads $2.07 ($1.85), sugar & sugar confectionery $1.52 ($76,300), tobacco $1.26 ($1.42), chemical elements & pharmaceutical products $1.30 ($22,200), clothing & underwear of textile materials $1.17 ($10,000), machinery, etc., other than electrical $3.13 ($2.22), electrical machinery $2.22 (3.52), vehicles & transport equipment $1.36 ($2.46), manufactures of base metals $1.29 ($1.48), iron & steel $1.27 ($2.68), non-ferrous base metals $1.22 ($4.08).

Main exports: Vegetable oils $6.02 ($5.14), clothing & underwear of textile materials $859,300 ($1.55), miscellaneous crude or simply prepared products $1.97 ($744,800).

Exports of silver amounted in value to $2.71 m. (July $3.86 m.)

China, Central

Imports	$11.39	($ 7.38)
Exports	$28.28	($21.58)
Export Excess	$16.89	($14.20)

Main imports: Sugar $5 ($794,500), tea $1.29 ($1.07), textile fabrics & small wares $1.62 ($1.14).

Imports of silver were valued at $28,000 (none).

Main exports: Vegetables $2.25 ($1.09), manufactured products of cereals $2.45 ($891,600), dairy products $1.28 ($1.25), feeding stuffs for animals $2.21 ($2.39), chemicals & pharmaceutical products $3.08 ($1.47), fertilizers $4.35 ($2.68), textile fabrics & small wares $3.54 ($2.13), paper $647,900 ($384,500), manufactures of base metals $640,000 ($385,900), vegetable oils $627,000 ($523,700).

China, North

Imports	$22.58	($21.78)
Exports	$45.80	($43.10)
Export Excess	$23.22	($21.32)

Main imports: Textile fabrics & small wares $2.84 ($2.21), yarns & threads $1.16 ($2.44), made-up articles of textile materials other than clothing $1.22 ($298,900), vegetable oils $2.72 $954,400), nuts & kernels $2.41 ($1.65), vegetables $2.15 ($1.88), dairy products $1.8 ($1.65), miscel. crude or simply prepared products $2.51 ($2.17).

Main exports: Rubber & manufactures thereof $12.68 ($7.31), made-up articles of textile materials other than clothing $5.53 ($639,300), textile materials raw or simply prepared $1.16 ($9.49), dyeing, tanning & colouring substances $4.59 ($2.94), chemicals & pharmaceutical products $3.64 ($3.53), iron & steel $8.22 ($3.72), non-ferrous base metals $2.79 ($3.15), machinery, etc. $1.51 ($4.41), electrical machinery $1.41 ($1.93).

China, South

Imports	$42.23	($32.83)
Exports	$39.42	($29.53)
Import Excess	$ 2.81	($ 3.30)

Main imports: Vegetable oils $22.37 ($18.09), misce. crude or simply prepared products $4.11 ($48,000), live animals $3.04 ($2.19), dairy products $1.12 ($750,000), vegetables $1.77 ($804,600), oil-seeds, nuts & kernels $1.42 ($293,700), textile materials, raw or simply prepared $1.75 ($2.43), yarns & threads $664,800 ($3.6), textile fabrics & small wares $1.49 ($949,000).

Main exports: Chemicals & pharmaceuticals $10.08 ($6.77), dyeing, tanning & colouring substances $4.42 ($2.49), sugar $2.37 ($330,900), rubber $7.31 ($4.1), iron & steel $3.85 ($4), machinery other than electrical $3.87 ($1.54), manufactures of base metals $1 ($4.7).

Exports of silver totalled $20,311 (none). There were no imports of silver ($69,700).

Macao

Imports	$10.06	($10.33)
Exports	$13.44	($14.97)
Export Excess	$ 3.38	($ 4.64)

Main imports: Vegetables $1.56 ($1.48), miscel. crude or simply prepared products $1.84 ($1.72), manufactured articles $2.13 ($1.54).

Imports of silver amounted to $281,-700 ($441,000).

Main exports: Manufactured products of cereals $1.23 ($1.24), chemicals & pharmaceuticals $2.07 ($1.87), products for heating & lighting $1.08 ($2.33), tobacco $686,400 ($389,900), fertilizers $866,000 ($142,400), rubber $753,000 ($295,000).

Malaya

Imports	$19.98	($15.68)
Exports	$49.39	($47.04)
Export Excess	$29.41	($31.36)

Main imports: Rubber $12.19 ($10.4), textile fabrics & small wares $2.85 ($896,500), vegetable oils $1.4 ($1.3).

Main exports: Fishery products for food $952,000 ($2.03), fruits & nuts $1.22 ($1.69), vegetables $4 ($2.99), tobacco $1.28 ($1.42), chemicals & pharmaceuticals $1.14 ($1.11), paper $2.18 ($3.13), textile fabrics & small wares $11.87 ($7.85), clothing & underwear of textile materials $5.56 ($4.96), made-up articles of textile materials $1.26 ($1.83), manufactures of base metals $2.52 ($2), manufactured articles $6.82 ($6.46), miscel. crude or simply prepared products $2.79 ($2.68).

Japan

Imports	$19.00	($ 8.43)
Exports	$ 5.97	($ 8.12)
Import Excess	$13.03	($ 0.31)

Main imports: Fishery products for food $2.62 ($1.19), vegetables $1 ($362,000), textile fabrics & small wares $8.22 ($3.24), machinery, etc., other than electrical $1.04 ($229,700), iron & steel $793,000 ($181,400), clothing & underwear of textile materials $658,200 ($91,500).

Main exports: Textile materials, raw or simply prepared $1.79 ($2.5), textile fabrics & small wares $1.09 ($2.44), ores $939,000 ($614,000), hides $783,-000 ($939,400).

Thailand

Imports	$15.65	($15.41)
Exports	$18.45	($11.53)
Export Excess	$ 2.80	„ „
Import Excess	„ „	($ 3.88)

Main imports: Rice $11.73 ($12.39), oils & fats $1.1 ($626,000), oil-seeds, nuts & kernels $874,800 ($419,000), wood $506,000 ($564,000), hides $641,800 ($458,500).

Main exports: Chemicals & pharmaceuticals $2.17 ($1.34), yarns & threads $4.79 ($808,400), textile fabrics & small wares $4.03 ($3.35).

Exports of silver amounted to $53,-500 (none).

Indonesia

Imports	$ 7.27	($ 4.82)
Exports	$11.02	($ 6.33)
Export Excess	$ 3.75	($ 1.51)

Main imports: Products for heating & lighting, etc. $6.46 ($3.32), rubber $220,200 ($511,000), miscel. crude or simply prepared products $239,900 ($252,800).

Main exports: Yarns & threads $4.31 ($3.92), textile fabrics & small wares $1.86 ($122,400), clothing & underwear of textile materials $1.53 ($494,600), manufactured articles n.e.s. $573,000 ($340,000).

HONGKONG'S PRINCIPAL TRADING PARTNERS

TOTAL VALUES OF IMPORTS & EXPORTS BY COUNTRIES FOR THE MONTH OF AUGUST 1950

UNITED KINGDOM

Articles	Imports $	Exports $
Meat & preparations thereof	12,130	—
Dairy products, eggs and honey	7,741	—
Fishery products, for food	38,233	—
Manufactured products of cereals, chiefly for human food	72,778	—
Fruits and nuts, except oil-nuts	10,579	6,686
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	21,561	412,949
Sugar & sugar confectionery		
Coffee, tea, cocoa and preparations thereof; spices	1,525,155	—
Beverages and vinegars	9,586	355,875
Tobacco	735,757	—
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	1,260,486	—
Chemical elements & compounds; pharmaceutical products	61	6,019,765
Dyeing, tanning & colouring substances (not including crude materials)	1,299,480	80,638
Essential oils, perfumery, cosmetics, soaps & related products	513,973	38,090
Rubber and manufactures thereof, n.e.s.	345,835	133,945
Wood, cork & manufactures thereof	563,765	—
Pulp, paper and cardboard and manufactures thereof	61,260	960
Hides and skins and leather	516,449	—
Manufactures of leather, not including articles of clothing	38,473	450,941
Textile materials, raw or simply prepared	37,914	—
Yarns and threads	330,669	503,323
Textile fabrics and small wares	2,076,040	89,150
Special and technical textile articles	4,560,529	614,216
Clothing and underwear of textile materials; hats of all materials	377,257	—
Clothing of leather and fur	1,173,501	859,290
Footwear: boots, shoes and slippers	855	—
Made-up articles of textile materials other than clothing	76,918	160,896
Products for heating, lighting & power, lubricants & related products, n.e.s.	116,160	86,890
Non-metallic minerals, crude or simply prepared, n.e.s.	201,343	—
Pottery and other clay products	110,221	—
Glass and glassware	167,270	—
Manufactures of non-metallic minerals, n.e.s.	101,303	—
Precious metals & precious stones, pearls & articles made of these materials	80,580	—
Ores, slag, cinder	111,561	99,290
Iron and steel	—	203,438
Non-ferrous base metals	1,271,994	—
Manufactures of base metals, n.e.s.	1,221,476	40,832
Machinery, apparatus and appliances other than electrical, n.e.s.	1,290,341	191,968
Electrical machinery, apparatus and appliances	3,134,082	—
Vehicles and transport equipment, n.e.s.	2,217,996	61,794
Miscellaneous crude or simply prepared products, n.e.s.	1,364,752	15,000
Manufactured articles, n.e.s.	1,828	1,967,760
	493,016	265,176
Total Merchandise	27,550,903	12,658,872
Gold and specie		2,711,941
Grand Total	27,550,903	15,370,813

INDIA

Articles	Imports $	Exports $
Meat & preparations thereof	27,530	—
Dairy products, eggs and honey	—	390
Fishery products, for food	—	150
Manufactured products of cereals, chiefly for human food	—	1,080
Fruits and nuts, except oil-nuts	6,646	3,540
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	—	8,996
Sugar & sugar confectionery	—	48,600
Tobacco	20,200	—
Oil-seeds, nuts & kernels	547	500
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	13,432	150
Chemical elements & compounds; pharmaceutical products	—	131,817
Dyeing, tanning & colouring substances (not including crude materials)	76,643	—
Essential oils, perfumery, cosmetics, soaps & related products	—	5,569
Rubber and manufactures thereof, n.e.s.	8,456	—
Wood, cork & manufactures thereof	29,976	209
Pulp, paper and cardboard and manufactures thereof	—	63,338
Textile materials, raw or simply prepared	38,817	679,598
Yarns and threads	3,996,694	3,800
Textile fabrics and small wares	1,572,309	—
Special and technical textile articles	—	250
Clothing and underwear of textile materials; hats of all materials	—	156
Footwear: boots, shoes and slippers	6,774	—
Made-up articles of textile materials other than clothing	2,460,651	12
Products for heating, lighting & power, lubricants & related products, n.e.s.	536,157	—
Precious metals & precious stones, pearls & articles made of these materials	13,500	—
Iron and steel	9,409	—
Non-ferrous base metals	—	649,656
Manufactures of base metals, n.e.s.	—	213,254
Machinery, apparatus and appliances other than electrical, n.e.s.	—	9,064
Electrical machinery, apparatus and appliances	—	20,983
Vehicles and transport equipment, n.e.s.	—	55,700

U.S.A.

Imports	$47.75 ($37.35)
Exports	$42.55 ($31.30)
Import Excess	$ 5.20 ($ 6.05)

Main imports: Chemicals & pharmaceuticals $13.84 ($5.24), tobacco $6.11 ($4.98), fruits & nuts $2.36 ($3.24), fishery products for food $1.22 ($907,300), textile materials, raw or simply prepared $1.61 ($972,000), textile fabrics & small wares $1.85 ($2.51), clothing & underwear of textile materials $1.13 ($1.15), manufactures of base metals $2.5 ($3.04), machinery, etc., other than electrical $3.62 ($1.52), manufactured articles $3.31 ($3.04).

Main exports: Vegetable oils $14.19 ($4.9), fruits & nuts $1.03 ($545,600), vegetables $2.1 ($1.55), coffee, tea, etc. $1.16 ($592,000), textile fabrics & small wares $2.81 ($1.26), non-ferrous base metals $1.23 ($489,000), miscellaneous crude or simply prepared products $10.12 ($14.68), manufactured articles $4.24 ($1.66).

Exports of silver amounted to $4,056 ($453,961). There were no imports of silver ($3,700).

OTHER COUNTRIES

Salient features from the trade of some of the countries not included in the accompanying tables, are given below:

Australia. Imports $2.64 ($4.04), exports $3.79 ($4.37). Main imports: Hides, skin & leather $485,700, meat $555,000, dairy products $547,000. Main exports: Vegetable oils $682,600, textile fabrics & small wares $806,400, manufactured articles $705,800.

Czechoslovakia. Imports $1.04 ($665,-300), exports none (None). Main imports: Paper $226,906, glass & glassware $247,400, textile fabrics & small wares $218,500.

Germany. Imports $2.96 ($1.7), exports $3.33 ($3.81). Main imports: Iron and steel $1.69, manufactures of base metals $371,400, chemicals & pharmaceuticals $271,000. Main exports: miscel. crude or simply prepared products $1.2, dairy products $603,900, vegetable oils $525,300.

Netherlands. Imports $3.17 ($3.67), exports $2.65 ($4.02). Main imports: Dairy products $1.45 chemicals & pharmaceuticals $387,000. Main exports: Vegetable oils $950,500, manufactured articles $393,900.

Switzerland. Imports $4.76 ($5.74), exports $306,243 ($3.97). Main imports: Manufactured articles $3.65, machinery, etc., other than electrical $372,600, dyeing & colouring substances $312,000. Main export: Textile materials, raw or simply prepared $192,800.

Miscellaneous crude or simply prepared products, n.e.s.	20,000	23,827
Manufactured articles, n.e.s.	180	1,000
Total	8,835,271	1,921,644

MALAYA (British)

Articles	Imports $	Exports $
Meat & preparations thereof	1,276	125,406
Dairy products, eggs and honey	—	773,901
Fishery products, for food	66,994	952,087
Cereals	41,054	1,490
Manufactured products of cereals, chiefly for human food	28,560	138,402
Fruits and nuts, except oil-nuts	82,435	1,215,432
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	145,591	2,993,021
Sugar & sugar confectionery	—	735,771
Coffee, tea, cocoa and preparations thereof; spices	161,302	872,455
Beverages and vinegars	78,657	312,689
Feeding stuffs for animals, n.e.s.	—	605,216
Tobacco	—	1,278,542
Oil-seeds, nuts & kernels	—	350,305
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	1,395,842	212,662
Chemical elements & compounds; pharmaceutical products	176,643	1,143,584
Dyeing, tanning & colouring substances (not including crude materials)	6,030	524,971
Essential oils, perfumery, cosmetics, soaps & related products	629,284	548,336
Rubber and manufactures thereof, n.e.s.	12,191,709	65,422
Wood, cork & manufactures thereof	292,503	166,974
Pulp, paper and cardboard and manufactures thereof	184	2,182,034
Hides and skins and leather	96,425	67,610
Manufactures of leather, not including articles of clothing	—	489,039
Yarns and threads	62,600	140,357
Textile fabrics and small wares	2,850,902	11,866,142
Special and technical textile articles	—	326,189
Clothing and underwear of textile materials; hats of all materials	2,700	5,560,690
Footwear: boots, shoes and slippers	4,889	69,127
Made-up articles of textile materials other than clothing	—	1,259,805
Products for heating, lighting & power, lubricants & related products, n.e.s.	370,839	44,033
Non-metallic minerals, crude or simply prepared, n.e.s.	103,341	53,776
Pottery and other clay products	—	80,453
Glass and glassware	73,918	385,399
Manufactures of non-metallic minerals, n.e.s.	48,905	16,771
Precious metals & precious stones, pearls & articles made of these materials	37,625	132,446
Iron and steel	9,000	264,982
Non-ferrous base metals	—	29,432
Manufactures of base metals, n.e.s.	85,910	2,521,783
Machinery, apparatus and appliances other than electrical, n.e.s.	943	714,678
Electrical machinery, apparatus and appliances	32,405	343,015
Vehicles and transport equipment, n.e.s.	20,969	211,077
Miscellaneous crude or simply prepared products, n.e.s.	649,932	2,795,236
Manufactured articles, n.e.s.	226,367	6,822,081
Total	19,975,734	49,392,771

NORTH BORNEO (British)

Articles	Imports $	Exports $
Meat & preparations thereof	—	192
Dairy products, eggs and honey	—	11,854
Fishery products, for food	74,735	21,935
Manufactured products of cereals, chiefly for human food	—	14,120
Fruits and nuts, except oil-nuts	4,040	27,161
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	77,015	41,335
Sugar & sugar confectionery	—	221,568
Coffee, tea, cocoa and preparations thereof; spices	—	14,709
Beverages and vinegars	—	80,181
Feeding stuffs for animals, n.e.s.	—	60
Tobacco	—	571,380
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	—	16,288
Chemical elements & compounds; pharmaceutical products	—	39,635
Dyeing, tanning & colouring substances (not including crude materials)	—	16,054
Essential oils, perfumery, cosmetics, soaps & related products	—	9,534
Rubber and manufactures thereof, n.e.s.	48,395	396
Wood, cork & manufactures thereof	599,357	11,128
Pulp, paper and cardboard and manufactures thereof	—	28,934
Hides and skins and leather	14,500	—
Manufactures of leather, not including articles of clothing	—	70,398
Textile materials, raw or simply prepared	—	1,148
Textile fabrics and small wares	—	250,076
Special and technical textile articles	—	8,396
Clothing and underwear of textile materials; hats of all materials	—	52,151
Made-up articles of textile materials other than clothing	—	32,769
Products for heating, lighting & power, lubricants & related products, n.e.s.	—	92,046
Non-metallic minerals, crude or simply prepared, n.e.s.	—	40,065
Pottery and other clay products	300	20,506
Glass and glassware	—	9,028
Manufactures of non-metallic minerals, n.e.s.	—	1,933
Iron and steel	—	18,338
Non-ferrous base metals	—	2,200
Manufactures of base metals, n.e.s.	—	54,375
Machinery, apparatus and appliances other than electrical, n.e.s.	—	66,381
Electrical machinery, apparatus and appliances	—	18,513
Vehicles and transport equipment, n.e.s.	—	11,105
Miscellaneous crude or simply prepared products, n.e.s.	13,260	63,485
Manufactured articles, n.e.s.	—	71,719
Total Merchandise	831,602	2,011,096
Gold and specie	—	39,780
Total	831,602	2,050,876

PAKISTAN

Articles	Imports $	Exports $
Dairy products, eggs and honey	—	140
Fishery products, for food	26,752	—
Manufactured products of cereals, chiefly for human food	—	7,589
Fruits and nuts, except oil-nuts	—	87
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	—	111
Coffee, tea, cocoa and preparations thereof; spices	—	12,436
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	—	60
Chemical elements & compounds; pharmaceutical products	—	201,785
Dyeing, tanning & colouring substances (not including crude materials)	—	2,493
Essential oils, perfumery, cosmetics, soaps & related products	—	35,699
Pulp, paper and cardboard and manufactures thereof	—	613,890
Hides and skins and leather	—	41,870
Textile materials, raw or simply prepared	11,835,505	—
Yarns and threads	—	16,526,787
Textile fabrics and small wares	2,291	5,380,172
Clothing and underwear of textile materials; hats of all materials	—	19,382
Iron and steel	—	9,160
Manufactures of base metals, n.e.s.	—	343,945
Electrical machinery, apparatus and appliances	—	21,943
Vehicles and transport equipment, n.e.s.	—	3,000
Miscellaneous crude or simply prepared products, n.e.s.	—	982,919
Manufactured articles, n.e.s.	—	995,167
Total	11,864,549	25,198,697

BURMA

Articles	Imports $	Exports $
Manufactured products of cereals, chiefly for human food	—	36,657
Fruits and nuts, except oil-nuts	—	69,451
Beverages and vinegars	—	14,595
Feeding stuffs for animals, n.e.s.	9,111	—
Tobacco	—	11,520
Chemical elements & compounds; pharmaceutical products	—	113,282

Dyeing, tanning & colouring substances (not including crude materials)	—	58,213
Pulp, paper and cardboard and manufactures thereof	—	20,664
Yarns and threads	—	5,775,000
Textile fabrics and small wares	—	209,059
Clothing and underwear of textile materials; hats of all materials	—	8,864
Pottery and other clay products	—	17,400
Glass and glassware	—	2,470
Precious metals & precious stones, pearls & articles made of these materials	18,179	—
Manufactures of base metals, n.e.s.	—	50,873
Electrical machinery, apparatus and appliances	—	10,120
Vehicles and transport equipment, n.e.s.	—	7,866
Miscellaneous crude or simply prepared products, n.e.s.	19,323	40,885
Manufactured articles, n.e.s.	—	39,273
Total	46,613	6,486,222

CHINA, CENTRAL

Articles	Imports $	Exports $
Live animals, chiefly for food	1,200	—
Meat & preparations thereof	1,200	2,046
Dairy products, eggs and honey	146,240	1,279,434
Fishery products, for food	37,703	705,679
Cereals	4,780	—
Manufactured products of cereals, chiefly for human food	—	2,448,394
Fruits and nuts, except oil-nuts	391,274	7,924
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	428,025	2,251,743
Sugar & sugar confectionery	5,002,431	1,200
Coffee, tea, cocoa and preparations thereof; spices	1,293,679	16,500
Beverages and vinegars	—	205,926
Feeding stuffs for animals, n.e.s.	1,600	2,209,938
Tobacco	—	243,502
Oil-seeds, nuts & kernels	19,801	576,499
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	194,688	626,983
Chemical elements & compounds; pharmaceutical products	556,546	3,083,385
Dyeing, tanning & colouring substances (not including crude materials)	—	579,500
Essential oils, perfumery, cosmetics, soaps & related products	107,080	115,160
Fertilizers	—	4,346,059
Rubber and manufactures thereof, n.e.s.	—	314,662
Wood, cork & manufactures thereof	16,311	73,542
Pulp, paper and cardboard and manufactures thereof	648,088	647,899
Hides and skins and leather	646	153,493
Manufactures of leather, not including articles of clothing	—	4,770
Textile materials, raw or simply prepared	15,080	282,032
Yarns and threads	76,500	80,707
Textile fabrics and small wares	1,615,662	3,544,335
Special and technical textile articles	113,429	27,571
Clothing and underwear of textile materials; hats of all materials	24,269	46,482
Footwear: boots, shoes and slippers	—	10,629
Made-up articles of textile materials other than clothing	4,710	68
Products for heating, lighting & power, lubricants & related products, n.e.s.	1,000	592,528
Non-metallic minerals, crude or simply prepared, n.e.s.	80	28,003
Pottery and other clay products	222,002	2,973
Glass and glassware	—	81,859
Manufactures of non-metallic minerals, n.e.s.	856	11,651
Precious metals & precious stones, pearls & articles made of these materials	—	3,000
Ores, slag, cinder	—	2,800
Iron and steel	—	553,440
Non-ferrous base metals	—	84,035
Manufactures of base metals, n.e.s.	25,518	640,242
Machinery, apparatus and appliances other than electrical, n.e.s.	32,400	150,566
Electrical machinery, apparatus and appliances	—	310,617
Vehicles and transport equipment, n.e.s.	—	594,489
Electrical machinery, apply prepared products, n.e.s.	359,633	942,326
Manufactured articles, n.e.s.	51,755	393,343
Total Merchandise	11,394,186	28,278,564
Gold and specie	28,000	—
Grand Total	11,422,186	28,278,564

CHINA, NORTH

Articles	Imports $	Exports $
Meat & preparations thereof	61,888	—
Dairy products, eggs and honey	1,800,201	—
Fishery products, for food	279,027	—
Cereals	344,162	—
Manufactured products of cereals, chiefly for human food	602,727	—
Fruits and nuts, except oil-nuts	421,191	4,830
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	2,149,836	7,750
Sugar & sugar confectionery	225	249,629
Coffee, tea, cocoa and preparations thereof; spices	79,265	63,350
Beverages and vinegars	88,560	—
Feeding stuffs for animals, n.e.s.	889,824	—
Tobacco	256,120	—
Oil-seeds, nuts & kernels	2,411,193	—
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	2,717,780	29,400
Chemical elements & compounds; pharmaceutical products	981,792	3,638,047
Dyeing, tanning & colouring substances (not including crude materials)	3,290	4,589,480
Essential oils, perfumery, cosmetics, soaps & related products	354,248	17,420
Fertilizers	—	129,900
Rubber and manufactures thereof, n.e.s.	—	12,685,190
Wood, cork & manufactures thereof	66,720	14,700
Pulp, paper and cardboard and manufactures thereof	31,891	562,306
Hides and skins and leather	13,246	—
Manufactures of leather, not including articles of clothing	900	142,000
Textile materials, raw or simply prepared	111,293	1,161,653
Yarns and threads	1,162,929	282,575
Textile fabrics and small wares	2,852,122	148,180
Special and technical textile articles	7,100	241,291
Clothing and underwear of textile materials; hats of all materials	265,036	—
Footwear: boots, shoes and slippers	6,700	—
Made-up articles of textile materials other than clothing	1,217,052	5,534,270
Products for heating, lighting & power, lubricants & related products, n.e.s.	—	200,648
Non-metallic minerals, crude or simply prepared, n.e.s.	21,000	98,990
Pottery and other clay products	5,427	40,250
Glass and glassware	6,084	350
Manufactures of non-metallic minerals, n.e.s.	186	293,852
Precious metals & precious stones, pearls & articles made of these materials	777	—
Iron and steel	—	8,217,876
Non-ferrous base metals	—	2,795,253
Manufactures of base metals, n.e.s.	258,047	569,698
Machinery, apparatus and appliances other than electrical, n.e.s.	76,466	1,506,389
Electrical machinery, apparatus and appliances	135,412	1,405,660
Vehicles and transport equipment, n.e.s.	—	634,908
Miscellaneous crude or simply prepared products, n.e.s.	2,514,607	263,686
Manufactured articles, n.e.s.	395,418	272,189
Total	22,579,742	45,801,750

CHINA, SOUTH

Articles	Imports $	Exports $
Live animals, chiefly for food	3,036,640	—
Meat & preparations thereof	29,040	—
Dairy products, eggs and honey	1,118,358	900
Fishery products, for food	23,404	1,240
Cereals	727,638	34,307
Manufactured products of cereals, chiefly for human food	13,692	63,408
Fruits and nuts, except oil-nuts	601,757	8,674
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	1,771,055	3,750
Sugar & sugar confectionery	12,360	2,375,031
Coffee, tea, cocoa and preparations thereof; spices	579,659	6,685
Beverages and vinegars	272	2,270
Feeding stuffs for animals, n.e.s.	46,440	13,366
Tobacco	34,313	121,757
Oil-seeds, nuts & kernels	1,415,067	15,750
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	22,372,523	372,332
Chemical elements & compounds; pharmaceutical products	71,838	10,077,400

Dyeing, tanning & colouring substances (not including crude materials)	7,000	4,423,582
Essential oils, perfumery, cosmetics, soaps & related products	61,525	11,812
Fertilizers	836	331,601
Rubber and manufactures thereof, n.e.s.	—	7,306,992
Wood, cork & manufactures thereof	880,455	12,590
Pulp, paper and cardboard and manufactures thereof	242,651	190,095
Hides and skins and leather	235,179	2,500
Manufactures of leather, not including articles of clothing	—	2,895
Textile materials, raw or simply prepared	1,752,613	256,799
Yarns and threads	664,850	246,672
Textile fabrics and small wares	1,494,953	26,326
Special and technical textile articles	7,860	46,727
Clothing and underwear of textile materials; hats of all materials	20,464	2,851
Footwear: boots, shoes and slippers	3,088	227
Made-up articles of textile materials other than clothing	74,975	788,626
Products for heating, lighting & power, lubricants & related products, n.e.s.	—	649,448
Non-metallic minerals, crude or simply prepared, n.e.s.	112,614	83,626
Pottery and other clay products	144,205	43,562
Glass and glassware	2,691	11,932
Manufactures of non-metallic minerals, n.e.s.	28,060	102,130
Precious metals & precious stones, pearls & articles made of these materials	—	2,400
Iron and steel	—	3,854,071
Non-ferrous base metals	35,920	726,084
Manufactures of base metals, n.e.s.	29,846	1,004,256
Machinery, apparatus and appliances other than electrical, n.e.s.	12,450	3,867,328
Electrical machinery, apparatus and appliances	8,600	640,700
Vehicles and transport equipment, n.e.s.	—	764,813
Miscellaneous crude or simply prepared products, n.e.s.	4,105,306	201,496
Manufactured articles, n.e.s.	451,041	729,662
Total Merchandise	42,231,233	39,418,679
Gold and specie	—	20,311
Grand Total	42,231,233	39,438,990

INDOCHINA

Articles	Imports $	Exports $
Live animals, chiefly for food	3,000	—
Fishery products, for food	99,955	19,805
Cereals	3,683,406	100
Manufactured products of cereals, chiefly for human food	—	25,473
Fruits and nuts, except oil-nuts	83,371	201,899
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	688,869	735,610
Sugar & sugar confectionery	—	1,180
Coffee, tea, cocoa and preparations thereof; spices	5,000	95,365
Beverages and vinegars	—	6,760
Tobacco	—	5,792
Oil-seeds, nuts & kernels	57,521	—
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	71,767	228,204
Chemical elements & compounds; pharmaceutical products	—	27,860
Dyeing, tanning & colouring substances (not including crude materials)	260,000	5,100
Wood, cork & manufactures thereof	—	297
Pulp, paper and cardboard and manufactures thereof	—	309,369
Textile materials, raw or simply prepared	46,500	38,475
Yarns and threads	—	67,216
Textile fabrics and small wares	—	290,123
Special and technical textile articles	—	4,092
Clothing and underwear of textile materials; hats of all materials	—	375
Made-up articles of textile materials other than clothing	—	11,250
Products for heating, lighting & power, lubricants & related products, n.e.s.	65,000	3,534
Non-metallic minerals, crude or simply prepared, n.e.s.	84,000	—
Pottery and other clay products	—	30
Manufactures of non-metallic minerals, n.e.s.	—	487
Iron and steel	—	6,569
Non-ferrous base metals	—	9,205
Manufactures of base metals, n.e.s.	—	5,828
Machinery, apparatus and appliances other than electrical, n.e.s.	—	271,803
Vehicles and transport equipment, n.e.s.	—	160,436
Miscellaneous crude or simply prepared products, n.e.s.	643,316	522,583
Manufactured articles, n.e.s.	—	52,094
Total	5,791,705	3,106,914

INDONESIA

Articles	Imports $	Exports $
Fishery products, for food	—	13,425
Cereals	26,207	—
Manufactured products of cereals, chiefly for human food	—	5,050
Fruits and nuts, except oil-nuts	—	29,267
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	—	75,957
Sugar & sugar confectionery	—	22,432
Coffee, tea, cocoa and preparations thereof; spices	—	20,438
Beverages and vinegars	—	3,726
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	32,928	29,736
Chemical elements & compounds; pharmaceutical products	156,572	194,561
Dyeing, tanning & colouring substances (not including crude materials)	—	231,337
Essential oils, perfumery, cosmetics, soaps & related products	86,480	24,553
Rubber and manufactures thereof, n.e.s.	220,182	67,977
Wood, cork & manufactures thereof	—	2,842
Pulp, paper and cardboard and manufactures thereof	—	956,222
Hides and skins and leather	43,200	14,200
Yarns and threads	—	4,312,502
Textile fabrics and small wares	—	1,855,680
Special and technical textile articles	—	46,361
Clothing and underwear of textile materials; hats of all materials	—	1,525,667
Footwear: boots, shoes and slippers	—	269
Made-up articles of textile materials other than clothing	—	331,756
Products for heating, lighting & power, lubricants & related products, n.e.s.	6,461,792	—
Non-metallic minerals, crude or simply prepared, n.e.s.	—	1,098
Pottery and other clay products	—	39,673
Glass and glassware	—	70,687
Manufactures of non-metallic minerals, n.e.s.	—	1,519
Non-ferrous base metals	—	16,882
Manufactures of base metals, n.e.s.	—	290,194
Machinery, apparatus and appliances other than electrical, n.e.s.	—	4,145
Electrical machinery, apparatus and appliances	—	95,767
Vehicles and transport equipment, n.e.s.	—	33,894
Miscellaneous crude or simply prepared products, n.e.s.	239,875	134,099
Manufactured articles, n.e.s.	—	573,065
Total	7,267,236	11,024,991

JAPAN

Articles	Imports $	Exports $
Fishery products, for food	2,619,152	—
Manufactured products of cereals, chiefly for human food	—	96
Fruits and nuts, except oil-nuts	37,469	35,550
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	1,003,703	—
Coffee, tea, cocoa and preparations thereof; spices	235,575	3,967
Beverages and vinegars	25,200	96,537
Tobacco	52,878	7,979
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	3,625	59,178
Chemical elements & compounds; pharmaceutical products	198,426	4,320
Dyeing, tanning & colouring substances (not including crude materials)	264,327	162,674
Essential oils, perfumery, cosmetics, soaps & related products	1,276	27,084
Fertilizers	1,036	—
Rubber and manufactures thereof, n.e.s.	19,650	660
Wood, cork & manufactures thereof	269,215	61,088
Pulp, paper and cardboard and manufactures thereof	209,006	11,622
Hides and skins and leather	—	737,981
Manufactures of leather, not including articles of clothing	—	5,055
Textile materials, raw or simply prepared	87,100	1,788,526

Yarns and threads	21,841	26,050
Textile fabrics and small wares	8,224,319	1,991,952
Special and technical textile articles	6,150	100
Clothing and underwear of textile materials; hats of all materials	658,236	192,478
Clothing of leather and fur	—	800
Footwear: boots, shoes and slippers	—	26,544
Made-up articles of textile materials other than clothing	94,347	1,000
Products for heating, lighting & power, lubricants & related products, n.e.s.	—	1,734
Non-metallic minerals, crude or simply prepared, n.e.s.	758,842	—
Pottery and other clay products	322,452	148,733
Glass and glassware	95,385	—
Manufactures of non-metallic minerals, n.e.s.	7,541	—
Precious metals & precious stones, pearls & articles made of these materials	—	300
Ores, slag, cinder	—	939,243
Iron and steel	793,113	72,000
Non-ferrous base metals	481,720	—
Manufactures of base metals, n.e.s.	568,238	43,181
Machinery, apparatus and appliances other than electrical, n.e.s.	1,036,475	4,949
Electrical machinery, apparatus and appliances	142,973	3,707
Vehicles and transport equipment, n.e.s.	55,801	93,056
Miscellaneous crude or simply prepared products, n.e.s.	215,328	154,361
Manufactured articles, n.e.s.	494,084	168,434
Total	19,004,483	5,970,939

KOREA, SOUTH

Articles	Imports $	Exports $
Fishery products, for food	285,899	—
Textile materials, raw or simply prepared	—	126,000
Footwear: boots, shoes and slippers	20,000	—
Miscellaneous crude or simply prepared products, n.e.s.	1,440	—
Total	307,339	126,000

MACAO

Articles	Imports $	Exports $
Meat & preparations thereof	4,380	13,088
Dairy products, eggs and honey	459,411	143,506
Fishery products, for food	326,728	238,014
Cereals	3,012	4,688
Manufactured products of cereals, chiefly for human food	36,544	1,233,953
Fruits and nuts, except oil-nuts	384,320	343,366
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	1,557,717	141,874
Sugar & sugar confectionery	9,611	685,781
Coffee, tea, cocoa and preparations thereof; spices	58,788	136,073
Beverages and vinegars	522,413	259,767
Feeding stuffs for animals, n.e.s.	20,303	1,111
Tobacco	222,364	686,402
Oil-seeds, nuts & kernels	8,733	167,397
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	68,547	433,255
Chemical elements & compounds; pharmaceutical products	284,041	2,066,422
Dyeing, tanning & colouring substances (not including crude materials)	4,196	173,771
Essential oils, perfumery, cosmetics, soaps & related products	57,406	313,825
Fertilizers	6,506	866,201
Rubber and manufactures thereof, n.e.s.	165,860	753,256
Wood, cork & manufactures thereof	232,824	326,488
Pulp, paper and cardboard and manufactures thereof	86,868	401,059
Hides and skins and leather	118,793	68,191
Manufactures of leather, not including articles of clothing	—	10,361
Textile materials, raw or simply prepared	535,818	50,544
Yarns and threads	54,485	261,536
Textile fabrics and small wares	455,114	354,385
Special and technical textile articles	22,066	38,860
Clothing and underwear of textile materials; hats of all materials	31,791	275,630
Footwear: boots, shoes and slippers	270	41,754
Made-up articles of textile materials other than clothing	29,133	56,626
Products for heating, lighting & power, lubricants & related products, n.e.s.	—	1,085,591
Non-metallic minerals, crude or simply prepared, n.e.s.	5,672	67,432
Pottery and other clay products	735	42,830
Glass and glassware	2,260	52,621
Manufactures of non-metallic minerals, n.e.s.	4,690	4,102
Iron and steel	6,584	474,080
Non-ferrous base metals	29,858	52,630
Manufactures of base metals, n.e.s.	93,947	191,822
Machinery, apparatus and appliances other than electrical, n.e.s.	113,380	179,702
Electrical machinery, apparatus and appliances	23,220	137,733
Vehicles and transport equipment, n.e.s.	45,365	215,129
Miscellaneous crude or simply prepared products, n.e.s.	1,835,796	168,331
Manufactured articles, n.e.s.	2,134,291	216,241
Total Merchandise	10,063,840	13,435,423
Gold and specie	281,689	—
Grand Total	10,345,529	13,435,423

PHILIPPINES

Articles	Imports $	Exports $
Meat & preparations thereof	—	160,018
Dairy products, eggs and honey	—	814,827
Fishery products, for food	—	77,713
Manufactured products of cereals, chiefly for human food	—	114,765
Fruits and nuts, except oil-nuts	19,149	116,309
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	—	783,492
Sugar & sugar confectionery	214,032	39,640
Coffee, tea, cocoa and preparations thereof; spices	—	273,186
Beverages and vinegars	—	15,051
Feeding stuffs for animals, n.e.s.	—	15,000
Tobacco	21,908	358,337
Oil-seeds, nuts & kernels	—	33,625
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s	21,700	140
Chemical elements & compounds; pharmaceutical products	9,743	337,973
Dyeing, tanning & colouring substances (not including crude materials)	—	31,530
Essential oils, perfumery, cosmetics, soaps & related products	—	12,396
Rubber and manufactures thereof, n.e.s.	—	18,970
Wood, cork & manufactures thereof	246,786	106,380
Pulp, paper and cardboard and manufactures thereof	—	166,331
Hides and skins and leather	—	39,960
Manufactures of non-metallic minerals, n.e.s.	—	42,720
Textile materials, raw or simply prepared	158,392	—
Yarns and threads	—	325,650
Textile fabrics and small wares	3,925	3,453,965
Special and technical textile articles	138,737	600
Clothing and underwear of textile materials; hats of all materials	—	523,895
Footwear: boots, shoes and slippers	—	82,218
Made-up articles of textile materials other than clothing	—	103,033
Products for heating, lighting & power, lubricants & related products, n.e.s.	89,400	—
Pottery and other clay products	—	43,940
Glass and glassware	—	7,200
Manufactures of non-metallic minerals, n.e.s.	—	5,914
Iron and steel	—	148,461
Non-ferrous base metals	—	34,285
Manufactures of base metals, n.e.s.	300	1,305,204
Machinery, apparatus and appliances other than electrical, n.e.s.	2,295	240,202
Vehicles and transport equipment, n.e.s.	—	16,007
Miscellaneous crude or simply prepared products, n.e.s.	—	29,434
Manufactured articles, n.e.s.	2,300	253,980
Total	928,667	10,132,351

THAILAND

Articles	Imports $	Exports $
Live animals, chiefly for food	60	—
Meat & preparations thereof	—	356
Dairy products, eggs and honey	—	185,722
Fishery products, for food	150,095	248,554
Cereals	11,729,334	—
Manufactured products of cereals, chiefly for human food	7,000	687,316
Fruits and nuts, except oil-nuts	2,670	121,997

Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	131,965	229,434
Sugar & sugar confectionery	31,439	415,146
Coffee, tea, cocoa and preparations thereof; spices	6,395	207,579
Beverages and vinegars	—	77,897
Feeding stuffs for animals, n.e.s.	8,137	2,870
Oil-seeds, nuts & kernels	874,780	1,990
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	1,096,892	12,215
Chemical elements & compounds; pharmaceutical products	7,180	2,168,596
Dyeing, tanning & colouring substances (not including crude materials)	—	469,784
Essential oils, perfumery, cosmetics, soaps & related products	—	130,225
Fertilizers	5,886	—
Rubber and manufactures thereof, n.e.s.	—	23,734
Wood, cork & manufactures thereof	506,319	3,604
Pulp, paper and cardboard and manufactures thereof	—	460,112
Hides and skins and leather	641,814	5,772
Manufactures of leather, not including articles of clothing	—	3,030
Textile materials, raw or simply prepared	89,702	23,425
Yarns and threads	—	4,787,100
Textile fabrics and small wares	—	4,030,096
Special and technical textile articles	—	14,739
Clothing and underwear of textile materials; hats of all materials	—	493,675
Footwear: boots, shoes and slippers	—	4,100
Made-up articles of textile materials other than clothing	—	208,466
Products for heating, lighting & power, lubricants & related products, n.e.s.	—	577,273
Non-metallic minerals, crude or simply prepared, n.e.s.	98,110	26,226
Pottery and other clay products	—	78,659
Glass and glassware	—	125,851
Manufactures of non-metallic minerals, n.e.s.	—	4,566
Precious metals & precious stones, pearls & articles made of these materials	10,400	352,512
Iron and steel	—	203,535
Non-ferrous base metals	—	146,700
Manufactures of base metals, n.e.s.	—	883,479
Machinery, apparatus and appliances other than electrical, n.e.s.	—	49,457
Electrical machinery, apparatus and appliances	1,000	173,144
Vehicles and transport equipment, n.e.s.	—	207,310
Miscellaneous crude or simply prepared products, n.e.s.	250,146	154,144
Manufactured articles, n.e.s.	2,151	445,423
Total Merchandise	15,651,425	18,445,816
Gold and specie	—	53,500
Grand Total	15,651,425	18,499,316

Hongkong Industrial Reports

Factory Registrations

In February 1951 the HK Dept. of Labour received 23 applications for registration (11 on the Island and 12 in Kowloon & the New Territories); 5 registration certificates were cancelled (3 and 2); 6 applications were refused (2 and 4) of which 4 were for premises for which no formal application for registration was made; 13 registration certificates were issued (4 and 9).

From January 1 to February 28, a total of 54 applications had been received (20 HK and 34 K. & N.T.); 18 registration certificates had been cancelled (8 and 10); 11 applications had been refused (3 and 8), 7 being for premises for which no formal application had been made; 51 registration certificates had been issued (22 and 29).

The total number of factories on the books of the department as at February 28 was 1277 (371 on the Island and 906 in Kowloon & New Territories); applications under consideration amounted to 327 (152 and 175).

The following list gives details of factories and workshops recorded and registered in February, with the number of employees:

		M.	F.	Total
3	Weaving (Cotton)	112	191	303
4	Rice Mills	80	5	85
3	Knitting	23	60	83
5	Printing	71	10	81
1	Tape & Labels	48	18	66
2	Metalwares	41	10	51
2	Needles	21	11	32
1	Stone Grinding	20	10	30
1	Aerated Water	20	6	26
22		436	321	757

Two factories, 1 knitting and 1 rubber, changed their names in February; 3 factories closed down, 1 perfumery, 1 paint, 1 safety machines.

Industrial Accidents

In February, 41 cases of injuries and industrial accidents were reported involving 41 persons; of these 28 occurred in registered factories and workshops and 2 were fatal, 1 being in a registered workshop.

The causes of the accidents were: 7 machinery (5 in registered factories); 3 transport, 1 fatal (2 in regist. factories); 2 (in regist. factories) poisonous, hot or corrosive substances; 14 falls of persons (8 regist. factories); 7 falling objects (4 regist. factories); 1 fall of earth (fatal, in regist. factory); 2 handling without machinery (in regist. factories); 2 hand tolls (1 in regis. factory), 3 miscellaneous (in regist. factories).

U. S. A.

Articles	Imports $	Exports $
Meat & preparations thereof	41,718	32,380
Dairy products, eggs and honey	190,727	96,138
Fishery products, for food	1,219,787	618,048
Manufactured products of cereals, chiefly for human food	27,738	283,664
Fruits and nuts, except oil-nuts	2,359,238	1,033,539
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	372,523	2,102,239
Sugar & sugar confectionery	437,870	34,376
Coffee, tea, cocoa and preparations thereof; spices	270,515	1,162,944
Beverages and vinegars	65,447	236,549
Feeding stuffs for animals, n.e.s.	—	950
Tobacco	6,106,785	21,898
Oil-seeds, nuts & kernels	—	74,029
Animal & vegetables oils, fats, greases & waxes & their manufactures, n.e.s.	174,457	14,189,426
Chemical elements & compounds; pharmaceutical products	13,838,149	268,548
Dyeing, tanning & colouring substances (not including crude materials)	327,526	3,311
Essential oils, perfumery, cosmetics, soaps & related products	497,437	321,886
Fertilizers	452,194	—
Rubber and manufactures thereof, n.e.s.	39,236	—
Wood, cork & manufactures thereof	450,961	218,681
Pulp, paper and cardboard and manufactures thereof	960,977	90,422
Hides and skins and leather	119,877	230,734
Manufactures of leather, not including articles of clothing	270,853	—
Fruits and nuts, except oil-nuts	—	727,730
Textile materials, raw or simply prepared	1,607,307	837,630
Yarns and threads	—	120
Textile fabrics and small wares	1,848,936	2,807,774
Special and technical textile articles	228,949	2,124
Clothing and underwear of textile materials; hats of all materials	1,126,136	146,378
Footwear: boots, shoes and slippers	54,733	112,927
Made-up articles of textile materials other than clothing	23,426	6,422
Products for heating, lighting & power, lubricants & related products, n.e.s.	630,440	6,703
Non-metallic minerals, crude or simply prepared, n.e.s.	5,310	—
Pottery and other clay products	5,495	239,884
Glass and glassware	266,969	19,058
Manufactures of non-metallic minerals, n.e.s.	223,233	170
Precious metals & precious stones, pearls & articles made of these materials	495,190	370,427
Ores, slag, cinder	—	190,356
Iron and steel	961,446	115,008
Non-ferrous base metals	9,909	1,230,886
Manufactures of base metals, n.e.s.	2,499,700	284,580
Machinery, apparatus and appliances other than electrical, n.e.s.	3,621,524	—
Electrical machinery, apparatus and appliances	901,674	53,060
Vehicles and transport equipment, n.e.s.	773,257	18,640
Miscellaneous crude or simply prepared products, n.e.s.	930,491	10,117,294
Manufactured articles, n.e.s.	3,312,400	4,244,006
Total Merchandise	47,750,540	42,550,843
Gold and specie	—	5,056
Grand Total	47,750,540	42,554,904

FINANCIAL REPORTS

HONGKONG FREE EXCHANGE & GOLD MARKET

Report for the week March 5-10 :—

GOLD:— Highest & lowest rate per .945 fine tael $320¾—311¾, equiv. to $336.02—326.59 per .99 fine tael and $279.24—271.41 per .99 fine oz. Crossrates US$45¼ high, 44½ low.

In Macao prices per .99 fine tael $329½—319¾ (about $7—7½ or 2¼% lower than Hongkong); crossrates US$44¼ — 43½ (Macao crossrates rather than local ones determine importers' offers). Difference in Hongkong-Macao price arises from the fact that imports into the British colony are prohibited while Macao freely licenses any quantity of bullion for import so that re-exports from Macao consigned to Hongkong native banks and bullion dealers have to be made clandestinely and a premium for transport and 'miscellaneous fees' is to be paid.

Canton black market quotes daily, in morning and afternoon sessions, rates which follow Hongkong market; unlicensed radio transmitters and receivers are operating both in Hongkong and in Canton. In recent months Canton quotations were always lower than in Hongkong and slightly lower than Macao. China has long ago ceased to be a buyer of bullion and small lots of gold are seeping out of the country; it also has been alleged that the communist authorities, at certain periods, were selling either through middlemen in the Canton black gold market or were shipping gold to Hongkong for the purpose of adding to their foreign exchange resources. The gold so disposed came from treasury stocks acquired by conversions which, though not compulsory, were strongly suggested by the authorities with the public, especially in the north, turning in their hoards for People's Bank currency.

Local .945 fine tael prices of last week, high and low per day:— $320-⅜—316½; $319¼—316¼; $320¾—318¼; $317½—313-⅞; $315¼—312½; $313-⅜—311¾. Week's opening rate 319½, closing 312.

The decline in prices continued and some bulls were in difficulty, especially two members of the Gold Exchange. World news suggested easier supplies and lower demand. Macao govt issued licences in any amount and the so-called licence fee demanded by the syndicate, in virtual control of licences, was lowered in order to encourage imports. At one time the Macao govt announced that only one million ozs would be licensed for one year but this announcement was never meant to be taken seriously. Last week's arrivals in Macao exceeded 50,000 ozs and new contracts for 30,000 ozs were concluded. Cif Macao prices dropped from US$44¾ to 43½ and the tendency was easy.

Forward interest totaled 69 cents per tael=11% p.a. Tradings totaled 201,600 taels (daily average 33,600). Positions: 98,500 taels per average day. Cash bars: 48,630 taels, of which interest hedgers took 35,500, exporters 11,300, goldsmiths 1880. Exports shipped to Singapore 7300 taels, and Bangkok 4000. Differences paid on top of .945 fine for .99 fine bars $14.40—14.90 per tael.

Imports, all from Macao, 18,500 taels. There were small lots of gold in various forms sent here from Manila and Taiwan. Hongkong revenue officers continued with their confiscations; often hapless travellers were caught and smalltimers had to pay for their urge of independence from the smuggling concerns.

SILVER:— Prices per tael of .99 fineness $6.07—6.08 or about $5 per oz. equalling at free exchange rate US$0.81. Dollar coins sold at $3.90, small coins at $2.98. Business done 56,000 taels.

US$:— Highest & lowest rates per 100 US notes HK$611¼—604¾, DD 613—607¼, TT 617—609, equiv. to crosses of US$2.593—2.627 (per HK$100 US$16.20—16.42). Crossrates were 6.17—7.4% below official London/New York. Day to day rates for TT: 612—610½; 612—609; 617—612½; 614—611; 614—612; 612—610.

Sales: US$320,000 in TT, 375,000 in DD and notes. Gold importers were buyers, Bangkok sold; overseas Chinese remittances improved. Merchant demand, potentially big, is anxiously waiting for favorable news from embargo-determined Washington; some optimists, considering current TT low, are laying stocks of US currency with which they hope to pay for the 'absolutely unessential goods' which the US may release.

BANK NOTES:— Rates per one currency unit, in HK$:— London 15.50 — 15.65, Australia 12.90 — 12.95 (there is little confidence in upvaluation of the A£ and consequently dishoarding of A£ has started), New Zealand 13.40 13.50 (much lower rate than official one which is at $16 per NZ£), Canada 5.74—5.77, India 1.17½—1.18½, Burma .87—90, Ceylon .96 Taiwan .40—.42.

Siamese baht was more in demand probably by travellers at $27¼—27½ per 100. Indonesian rupiahs are only available in small lots; Chinese traders bring them here often for payment of amounts due to their relatives etc.; rates varied from $34—38 per 100. Malayan dollars, in which Singapore Chinese are doing a roaring trade, quoted $1.80—1.81. The DD rate is approx. the same. Piastre notes forward quoted unchanged at $12½ per 100 while spot notes improved, on better military developments in Indochina, from $13.30—14. Pesos have now a big market and inspite of Manila controls the supply of peso notes is ample, exceeding demand considerably. Rates last week $1.64—1.65. Macao pataca quoted $1.07—1.08, still at an 8% premium over the local dollar on account of heavy gold imports into Macao (importers being obliged, prior to obtaining import licence, to make a deposit in patacas with the Banco Nacional Ultramarino; but as the import controlling syndicate has cornered the small issue of patacas in Macao, the free market rate for the Macao currency, to the detriment of the commercial community of the Portuguese colony, remains high). Japanese yen notes were neglected; rates at $133½—136 per 10,000.

CHINESE EXCHANGE:— No change in the official Bank of China rates. It is now prohibited to import or export PB$ and the explanation for this measure, promulgated in China on March 6, is to be found in the following reasons:— (1) Hongkong free market had depreciated PB notes by almost 20% and therefore further export of notes from China was to be halted; (2) capital flight had resumed following the adverse developments in Korea and therefore Peking wanted to clamp down, in due time, on carying PB notes out of the country; (3) many forged notes had been discovered in China, some blame having been put on the 'imperialists' for aiding this business, and therefore import of PB notes into China was to be stopped. In connection with the last point, the People's Bank did not make any effort to produce better banknotes — the low quality paper and printing are encouraging counterfeiters.

Local rates for PB notes, per million, $228—237 (sales 120 million); for DD Canton $212 — 222 (sales 175 m.). Hongkong $ remittances with Canton 94—96 per 100 in Canton (business done HK$125,000). Gold and US$ remittances with Shanghai 101 and 92 respectively. Gold and US$ remittances with Taiwan 88-89 and 92½—95 resp.

Free market business here was reduced and further decline is expected as authorities in China are taking more ruthless steps in suppressing black markets.

Peking's New Currency Regulation

Under a new regulation promulgated by the Peking Government persons entering or leaving China may not carry with them any communist legal tender. Those found in possession of such currency will have their funds taken from them. Those suspected of smuggling notes will be prosecuted. This regulation has apparently superseded the former allowance of $100,000 in communist currency for travellers between Hongkong and China. Under the new ruling, funds would have to be remitted through the banks ahead of the traveller.

Hongkong's Subsidiary Currency

The announcement by Sir Geoffrey Follows, Financial Secretary to the Hongkong Government, in his speech introducing the Budget for 1951/2, that 50-cent coins would shortly circulate in the Colony will be very welcome to a community sorely tried by the existing currency. The new coins, together with the 10-cent and 5-cent coins now in use and additional quantities

HONGKONG STOCK & SHARE MARKET

Inspite of high dividend payments and excellent working results reported in the current season of annual company meetings the share market remains unimpressed and while rates show some firmness there is little buying interest although yields, at current prices, often approach 15—18%. This sluggishness has been explained by the underlying anxiety of investors who have, it seeems, little fajth in the stability of their investments in Hongkong.

What has caused this feeling is usually referred to as the 'China situation' or since last June the 'war in Korea'; but it all amounts to fears, justified or imagined, about the intentions of the Peking govt who are at times believed to harbour occupational designs on this Colony. No shareholder or prospective investor in local securities denies the fact that from every angle but the political viewpoint investments are very profitable, probably more so than in any other Far Eastern market. As Hongkong last year passed through a period of prosperity in every field of economic activity—with record figures reported in trade, industries, banking, transport—so did the various public companies in whose shares the Exchange deals. Reserves have been mounting, allocations to this or that fund have been made in line with local ultra-conservative company management policy, profitable working continues to be reported right into the early months of the current year—but quotations, by & large, have not moved and are in many instances just a little above lowest post-war levels.

Nothing short of a decisive turn in the world political situation will, it seems, influence the market here to adopt a different attitude. No amount of confidence talk and, at least for the time being, favorable military news from Korea will do the trick. But as long as the cold war lasts and the rearmament race is well on its way into top gear no change can be hoped for and therefore local prices may, with few exceptions, stay put.

There is, as the whole world knows, a tremendous amount of Chinese flight capital in the Colony; no estimates are possible in view of the fact that large fortunes have been hoarded, in form of gold, jewels, foreign (esp. US) currency notes etc. both in banks' vaults, safe deposit boxes, in homes and even under the soil in gardens and other less accessible spots. A large amount of this so-called hot money is engaged, especially since the commodity boom started in late summer 1950, in hoarding of goods of any description while speculative gold trading, combined with interest hedging, absorbs another formidable sum of money. It would appear surprising, under these conditions, that very little if any Chinese flight capital has been induced into the share market. The very alluring yield figures have not been considered by the flight capitalist though, in quite a few instances, these people are anxious to earn large interest by employing their capital, other means of making a living being usually unknown to them.

It is significant and has more than financial market interest that the possibility of investment in local securities was ignored. These rich immigrants, many of them with close KMT connections in the past, hold a dim view of the political future of Hongkong—though it would seem to be in their best interest if the position of Hongkong was in no way assailable or under question. Their alarmist opinions have influenced, as was to be expected, local market sentiment with the result that investment in local shares was discouraged.

At the same time profitable though risky avenues for investment were constantly opened though always a few channels got blocked. From hedging in gold to hoarding of penicillin, from cornering photographic chemicals to purchasing odd consignments of trucks and spares in India for delivery to the Communist authorities in China, there was always a chance to earn, if that word can be used in this connection, a high interest either by directly engaging in these activities or by financing the more daring members of the 'mercantile community.' In so confused and perilous a time as today, with Red China both a very welcome and sometimes treacherous customer, the road to wealth is wide open to the adventurer. Seeing the many ways leading to riches or to disaster the Chinese business man, or whatever the present-day merchant of the go-getter type may be described, spurns any so-called conservative and proved methods no longer being satisfied with small though steady returns. In such an atmosphere the local share market must take a back seat.

To make things worse the Stock Exchange still has not reintroduced forward trading on a limited basis (2 weeks' settlement) and only allows strict cash business. What little incentive for speculators there may be in the local market has been done away with by last year's decision, by the majority of Exchange Committee members, to stay put on the present cash basis for share sales and refuse consideration of limited futures business.

Political gossiping rather than absorption of all energies for conducting business has been observed since a long time at the local Exchange. Brokers regret this development as nothing is more profitless than commenting on the news and rumors of the day and indulge in usually somewhat frightened interpretations of the developments of the war in Korea and its repercussions on the peace of the world and the share quotations of Hongkong. The slightly neurotic attitude of the Hongkong public is reflected in the conversations of brokers and clients; a pessimistic undertone is never absent from such discussions and even recent successes of the UN forces in Korea have not yet dispelled the gloomy anticipations of our contemporaries. Much cheerful confidence is nevertheless put on show with quotations however proving the carriers of such mien only good actors. We look for guidance to exchanges in New York, London and even to fraternal institutions in our region but the upshot is usually the continuation of the wait-and-see policy.

Last week's share market report:—Lack of interest caused the market to remain quiet throughout the week with the result that there has been practically no change in prices. However, there was a fair volume of business transacted in the Rubber section and scrip is not easily obtainable. The market closed steady.

Dividends announced during the week:—Dairy Farms $2.50 for old and $1.25 for new, both less tax for 1950. Chartered Bank, Final of 8% less tax for 1950. Mercantile Bank, Final of 6% less tax for 1950.

Business reported during the week $1,436,534. Business reported for February, 1950, $5,326,894. Business reported (10th week) 1950, $1,109,475.

Average Share Quotations:—

H.K. GOVT. LOANS	
4% Loan	98
3½% „ (1934 & 1940)	95
3½% „ (1948)	95½
BANKS	
H.K. & S. Bank	1320
„ (Lond. Reg.)	£82½
Chartered Bank	£10 7/8
Mercantile Bk. A. & B.	£23
Bank of East Asia	102
INSURANCES	
Canton Ins.	255
Union Ins.	665
China Underwriters	5.20
H.K. Fire Ins.	145
SHIPPING	
Douglases	150
H.K. & M. Steamboats	15
Indochinas (Pref.)	12
„ (Def.)	55
Shells (Bearer)	83/1½
U. Waterboats	18
Asia Nav.	.70
DOCKS, WHARVES, GODOWNS, Etc.	
H.K. & K. Wharves	84
North Point Wharves	5.20
Sh. Hongkew Wharves	5½
H.K. Docks	13¼
China Providents	12
Shanghai Dockyards	2¾
Wheelocks	20½
MINING	
Raub Mines	4.70
H.K. Mines	.00¾
LANDS, HOTELS & BLDGS.	
H. & S. Hotels	5½
H.K. Lands	39
Shanghai Lands	1.40
Humphreys	7½
H.K. Realties	1.90
Chinese Estates	109
PUBLIC UTILITIES	
H.K. Tramways	11.10
Peak Trams (Old)	22
„ (New)	11
Star Ferries	70
China Lights (Fully Pd.)	5.90
„ (Partly Pd.)	3.70
„ (Bonus Sh.)	5.80
H.K. Electrics	22½
Macao Electrics	8¾
„ (New)	8½
„ Bonus Sh.	8
Sandakan Lights	8¾
Telephones (Old)	10
„ (New)	9½
Shanghai Gas	1½
INDUSTRIALS	
Cald. Macg. (Ord.)	22½
Cements	10
H.K. Ropes	12¾

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of which are on order, should make it possible to withdraw the filthy and dilapidated 10 and 5 cent notes which for so long have been the unappreciated but chief medium of small change and which even now are more prominent than the metal coins.

Prompt action by Government at the end of last year in introducing the Emergency (Small Change) Regulations, 1950, followed by several arrests of dealers found in possession of an excessive quantity of small change, was effective in preventing what threatened to become a serious shortage, and it is a pleasant surprise to be told by Sir Geoffrey that the local small change situation is so much improved that coins are now being returned from circulation. Even better is the statement that there are hopes of withdrawing completely those 10 and 5-cent notes which are still in use.

CHARTERED BANK OF INDIA, AUSTRALIA & CHINA

At the Stockholders Meeting to be held on 4th April the Directors of The Chartered Bank of India, Australia & China will recommend a final dividend of 8% actual subject to income tax making 14% for the year (as against 12% for the year 1949). They will also recommend the following allocations:—£125,000. Pension Fund; £20,000. Widows & Orphans Fund; £200,000. Bank Premises; £100,000. Contingencies; £365,836. carried forward. In addition the Reserve Fund will be increased from £3,000,000. to £4,000,000."

STORES &c.	
Dairy Farms (Old)	13¼
" (New)	11¾
Watsons	17½
Lane, Crawfords	21½
Sinceres	3
China Emporium	9
Sun Co., Ltd.	1.60
Kwong Sang Hong	88
Wing On (H.K.)	43
Wm. Powell, Ltd.	8
MISCELLANEOUS	
China Entertainments	12½
H.K. Constructions (O)	2½
" (N)	1.30
Vibro Pilings	8¼
Marsman, Investments	9/-
Marsman, (H.K.)	.75
Shanghai Loan	.80
Shanghai Explor.	.15
Yangtszes	2.05
COTTONS	
Ewos	2¾
RUBBER COMPANIES	
Alma Estates	19
Anglo-Dutch	.80
Anglo-Javas	.45
Batu Anams	.60
Bute Plantations	3.60
Chemor United	.90
Cheng Rubbers	.70
Consolidated Rubbers	4.30
Dominion Rubbers	3¼
Java-Consolidateds	.20
Kota Bahroe	2
Kroewoek Javas	.30
Langkats	.50
Padang Rubbers	.30
Repah Rubbers	.30
Rubber Trusts	3¼
Samagaga Rubbers	.95
Semambu Rubbers	.95
Shanghai Kedahs	7¾
Shanghai Kelantans	1
Shanghai-Malays	11
Shanghai Pahang	2.10
Shanghai Sumatras	5½
Sua Manggis	.10
Sungala	1¾
Sungei Duris	30½
Tanah Merahs	1½
Tebong Rubbers	.30
Ziangbe Rubbers	1.20

SINGAPORE SHARE MARKET

The combination of satisfactory dividend announcements and the estimates of high current earnings brought enthusiastic buyers into the Singapore Market in the Tin and Rubber share sections. Partly in sympathy with the commodity shares, and partly following the parliamentary report of growing confidence in the future of Malaya, Industrial shares were very firm. In a buoyant market there were many enquiries from investors who have not varied their holdings for some time, and also from people who have not normally been disposed to venture their savings in stocks and shares. A healthy sign was a renewal of interest in local investments from overseas. A fair volume of business passed in the Industrial Shares section and with sellers tending to be reserved a small all-round improvement in prices ensued. Singapore Cold Storage gave notice of an Extraordinary General Meeting to be held to increase the authorised capital from $4 million to $10 million and to provide for a capital bonus of one new share for every two held on 20th March, 1951 — this presumably is to bring share capital a little more into line with the amount of capital now employed in the business. The Company's shares were taken from $5.80 to $6.15 c.b.i.

Sterling Tins also improved over the week, but as the majority of investors are inclined to switch from a British to a Malayan registered tin company, values followed closely the bids from London. Australian Tins closed very firmly with gains in selected counters although midweek there was a small amount of selling by Sydney and Melbourne probably on account of the revival of the rumour of an imminent alteration in the exchange rate. Dollar Tins were in demand with Petaling which pleased the market with notice of a 30% quarterly interim dividend to be paid with the final dividend after previous tri-annual distributions, went from $5.60 cum final dividend to $5.70 ex. all.

There were buyers and few sellers except at enhanced prices of the greater number of the rubber companies' shares and this trend was particularly noticeable towards the end of the week. Despite a divergence of ideas on the matter of price a considerable exchange took place.

As usual, with activity concentrated in other sections the local Loan Market was quiet, but there was some demand for the tax free issues.

BUSINESS DONE

Industrials. Fraser & Neave Ord. $3.20 and $3.22½ c.d. Gammon $2.41½, Hongkong Bank (Col.) $680. Malayan Breweries $5.25 to $5.50 c.d., Malayan Collieries $1.50 and $1.55, Robinson Ord. $2.52½ to $2.65, Raffles Hotel $2.60, Straits Steamship $16.50, Singapore Cold Storage $6.15 c.b.i., S.T.C. Prefs. 21/3, Straits Times $3.30, Straits Traders $16.00 to $16.25, Uniteer Ord. $11.00 to $11.10 c.d., Henry Waugh $2.55 to $2.60 c.d., Warne Bros. $2.55, Wm. Jacks $2.45 to $2.55 c.d., Union Insurance $360.

Dollar Tins. Hong Fatts 80 cents and 82 cents, Batu Selangor 83 cents, Jelebu $1.00 to $1.05, Klang River $1.60 to $1.62¼, Kuchai $2.35 to $2.42½, Lingui $1.75, Petalings $5.60 c.d. to $5.70 ex. all, Rahman Hydraulic $2.62½ to $2.69, Rantau $1.95, Sungei Way $3.25 to $3.45, Taiping Consol, $2.32½ to $2.35, Ulu Klang 42 cents to 48 cents.

Australian Tins. Austral Amalgamated 10/9 to 11/1½, Jelapang 28/- to 28/3 c.d., Katu 26/9 to 27/3, Kuala Kampar 36/6 to 36/3 to 36/9, Larut 13/9 to 13/4½ to 14/-, Pungah 24/3 to 24/9, Rawang Tin 8/1½ to 7/10½ to 8/-, Renong Consol. 26/9, Takuapa 25/3 c.d., Tongkah Harbour 14/- and 14/1½.

Sterling Tins. Ampat 5/9, Bangrin 35/- to 36/1½, Chenderiang 14/-, Kamra 2/2 and 2/3, Kundang 10/-, Kamunting 12/3 to 12/6, Killinghall 13/-, Malayan Tin 27/-, Pengkalen Ord. 12/-, Puket 8/6, Southern Kinta 15/3 and 15/4½, Southern Malayan 32/-, Siamese Tin 24/-.

Rubbers. Allenby 70 cents to 75 cents, Amalgamated Malay $1.10 and 1.12½, Ayer Panas $1.30 Banir 9/10½, Bassett 49 cents, Batu Lintang $1.50 to $1.57½, Benta $1.10 to $1.15, Borelli $1.65, Brunei United $1.07½ to $1.10 to $1.05, Bukit Kajang 9/9, Changkat Serdang $1.40 to $1.50, Glenealy $1.30, Indragiri 40 cents to 42½ cents, Jeram Kuantan $1.50 to $1.65, Kempas $2.50 to $2.60, Kuala Sidim $1.47½, Kundong $1.10 and $1.12½, Kluang Ord. $1.10 and $1.15, Mentakab $1.65 to $1.70, New Serendah 65 cents and 66 cents, Nyalas 95 cents, Pajam $1.45 to $1.55, Parit Perak $1.50, Sungei Ramal 37 cents to 43 cents, Sungei Tukang $1.67½ to $1.70, Tambalak 90 cents to $1.00, Tapah $2.25 to $2.35, Teluk Anson $1.32½ to $1.40.

Gold. Raub $1.95.

Overseas Investments. Australian: Bank of N.S.W. A£49.12.6. Bank of Adelaide A.44/6 to A.45/3

British: British Borneo Petroleum 44/-

South African. Brakpans SA. 23/4½, O.K. Bazaar SA. 23/3, Western Reefs SA. 41/9.

HONGKONG COMMODITY MARKET

Absence of buyers from China in most departments of the local market caused inactivity and a falling trend in prices. The US embargo has caused anxiety, as there are signs that the Chinese authorities are placing orders direct in Europe and elsewhere for their requirements, bringing the fear that Hongkong may be sidetracked.

The Indo-Pakistan trade agreement has also caused conjecture as to its effect upon Hongkong's imports of cotton. Hitherto the Colony has obtained supplies of raw cotton from Pakistan in exchange for cotton yarn, and it is hoped that this balance of trade may not be too greatly affected under the new arrangement. Meanwhile, orders are being placed by local spinning mills for Brazilian, Egyptian and Turkish raw cotton.

A relaxation of the South China import-export link system has been announced by the Canton Foreign Trade Bureau. Apart from the main items such as vegetable oils, raw silk, silk waste, feathers, tea, hides, foodstuffs and beans, which are still subject to the import-export link system, about 100 additional items of China produce may now be exported from China against the surrender of part of the foreign exchange involved in the transaction without prior shipment of import goods to the same value. The measure is welcomed as allowing the importation into Hongkong of additional supplies of China produce.

Cotton Yarn

Knowledge that a shipment of cotton yarn was due to arrive shortly affected the market, but notwithstanding a reduction in prices, tightness of money caused buyers to hold back. Uncertainty was expressed as to the effect of the new Indo-Pakistan trade agreement on the local market, as Pakistan will now be able to purchase cotton yarn direct from India and is likely, therefore, to withdraw to a certain extent from the local market.

Prices at the close were: Indian 20's, Gokak Mills sold at $2140 per bale, Sidhpura Mills fetched $2000, and Model Mill, Nagpur, fetched $2060; 26's, No. 610 sold at $2050 per bale and New City of Bombay fetched $2240; 32's, Sree Meenakshi Mills sold at $2260 per bale and Kishanlal Purushottamdas changed hands at $2200; 40's, Coimbatore Mills and Kishanlal Purushottamdas had sales at $2580 per bale. Hongkong 10's were reduced to $1900 per bale, 16's fell to $2300, 20's to $2500 per bale, 32's were quoted at $2900 per bale and 40's to $3400 per bale.

Cotton Piece Goods

A demand for grey sheeting on the part of rubber shoe factories caused some briskness in the earlier part of the week, but steady arrivals from India brought a fall in prices at the

close: grey sheeting, Mammoth Bird and Double Flying Dragon fell to $82 per bolt, Fancy Butterfly was quoted at $85 per bolt, Indian 42"x40 yds. dropped to $69 and 36"x40 yds. to $64, while Dragon Head declined to $47 per bolt.

Raw Cotton

Little activity was shown in raw cotton. A reduction in quotations from Pakistan was welcome news. Closing prices were: Pakistan 49/50 raw cotton NT-roller gin and LSS-r.g. $5.30; Rangoon raw cotton $5.10 per lb.; Egyptian raw cotton $5.40 per lb. Cotton waste $4 per lb.

Metals

Metals were very quiet; Taiwan merchants were out of the market, having placed orders direct with Japan and Europe. Australian merchants were active over mild steel round bars and although North China traders made a few purchases these did not affect the market to a great extent. Tientsin and Canton dealers resisted any attempt to raise prices and further falls took place. Mild steel round bars (European) 40 ft. ½" to 1" sold at $93 per picul; 20 ft. 1½" to 3" was offered at $92 per picul but few transactions took place at this price. The lack of import licences kept traders from China out of the market for galvanized iron sheets and with heavy stocks on hand prices fell further: 3x7' G31 fell to $16.20 per sheet, but counteroffers only reached $15.70; G24 was offered at $1.30 and G26 at $1.40 per lb. Mild steel plates were active, although specifications in greatest demand were in short supply: 4'x8' 1/16" recovered to $160 per picul (133.3 lbs.), ⅛" to ½" sold at $105 per picul, and in some cases sales of ⅛" were effected at $108 per picul. Zinc sheets showed a fall in prices, although some activity was shown: G5 was marked down to $600 per picul and G6 fell to $560 per picul. Tinplate and blackplate prices rose or fell in accordance with demand: US tinplate waste waste in cases fell to $310 per case, US electrolytic tinplate waste waste sold at $280 per 200-lb. case with tonnage packing at $275; US blackplate waste waste G29-33 rose to $175 per picul (133.3 lbs); misprint tinplate (US) yellow base rose to $160 per picul; British tinplate sold at $315 per 200-lb. case in skids.

Industrial Chemicals

At the opening of the week the prices of industrial chemicals showed a falling trend, but this was halted at the close with demands from China. Canton dealers purchased Dutch lithopone 30% in 50-kilo bags at $1.39 per lb. Crown brand quebracho extract sold at $1.35 per lb. quotations rising later to $1.38. US caustic soda was unaltered at $450 per 700-lb. drum; ICI Crescent brand fell to $490 per 300-kilo drum. US Getz brand carbon black sold at the lower price of $2900 per case of 187½-lbs, while the 175-lb. case was offered at $2700. Swiss chlorate of potash fell to $1.68 per lb. in 100-kilo drums for spot and $1.63 per lb. forward. South African Magedi soda ash declined to $37 per 90-kilo bag. Calcium hypochloride 60% in 50-kilo drums was transacted at $1.95 per lb. forward and at $2.20 and $2.05 for spot.

Fertilizers

Transactions were slow on ammonium sulphate, the expected arrival of a cargo from the Netherlands causing buyers to hold back in anticipation of a fall in prices. Samples of ammonium sulphate from Shanghai created interest, the product was found to be of good quality but higher in price than on the Hongkong market, being around HK$900 per ton. ICI Black Moon brand had some brisk sales at $715 per ton. German Arm-in-Crown brand sold at $705 per ton.

Paper

Lacking support from China, prices of paper on the local market fell noticeably; even difficulties in obtaining supplies and the additional 25% increase in price announced by European makers failed to arrest the fall. Large shipments of paper now on the way from Europe helped the declining process, and enabled buyers to force down prices. Japanese newsprint in roll 52 gr. dropped to 91 cents per lb., while 31" and 43" were quoted at $104 and Norwegian 31" was offered at $1.06 per lb. Japanese newsprint in sheets 48 lbs. was quoted at $42 per ream. Collophane paper (Japan) 36x39" sold at $145 per ream, the European product at $160 per ream and the British at $172 per ream. Yellow strawboard (Dutch) No. 8, 25"/33" fetched $890 per ton and the Japanese quality $820 per ton. Woodfree printing 43-48 lbs. white was transacted at $1.70 per lb. and 80 lbs. white at $1.35 per lb. MG sulphite paper 47 lbs. 35x47" white sold at $75 per ream. Bond paper, watermarked, 22"x34" 26 lbs. was quoted at $49 and 32 lbs. white at $52 per ream, the unwatermarked variety being $48 and $51 respectively

Rubber

With a dearth of enquiries from China under the import-export link system and following a drop in Singapore, the price of rubber on the local market fell, in spite of depleted stocks: smoked rubber sheet No. 1 was quoted at $570 per picul (133.3 lbs.), No. 2 at $550, and No. 3 at $530 per picul, while mixed cutting sold at $440 per picul.

China Produce

Transactions in woodoil (tungoil) were fairly active, sales being made in bulk at £270 per ton c. & f. Europe; on the local market unprocessed quality was quoted at $245 per picul (133.3 lbs.) and processed quality at $248 in bulk and $257 in drums. The European buying offer for teaseed oil 4% f.f.a. fell to £290 per ton c. & f. Europe; the local price rose to $285 per picul following an increase in Canton, but buyers were few, considering it too high. Aniseed oil 15 deg. was increased to $1450 per picul following Canton, and sales were effected at $1420. Cassia oil 80-85% opened brisk with sales at $3200 per picul, but fell later to $3120 per picul.

Raw silk showed increased prices with brisk sales: Shanghai 20/22 c. grade rose to $4550 per picul and Kwangtung big filature 20/22 was quoted at $4000.

Trading was quiet in cassia lignea, stocks being low and fresh supplies lacking. Cassia lignea (West River) 1-cwt. bale was quoted at $135 per picul; cassia scraped (Batavia) had brisk sales at $102 per picul; cassia unassorted (Saigon) was offered at $335 per picul.

With the government rationing of Thai rice and recent arrivals from China, the market continued quiet. Chai mei Kwangtung 2nd qual. sold at $73/71 per picul, Five Bats (red line) s.q. (new sold at $78 per picul. See mew, Kwangtung 1st qual. (new) sold for $65/$64 per picul and U-long (old) 1st qual. at $74/$71 per picul.

COMMERCIAL NOTES

Shipping Rates on China Port Routes

As from March 15, it has been decided by foreign shipping lines to increase the shipping rates on China port routes as follows: North China port routes 10% to 15%, South China ports and Shanghai 10%. Further increases will be made as the situation demands.

Chinese Customs Organisation

The director of the Customs Administration for the People's Government of China has announced a reorganisation of the Customs which reduces the number of units and eliminates the old districts.

The new service will include 26 Customs houses and 44 branch houses and sub-branches. This is a considerable reduction from the 170 offices which have operated since the war under the 18 districts (34 districts before the war). These Customs units (houses, branches and sub-branches) are answerable directly to headquarters in Peking and not to district managers. The Customs houses are in the following districts: Manchouli, Suifenho, Tumen, Chian, Antung, Dairen. Yingkow, Mukden, Tientsin, Peking, Tsingtao, Shanghai, Foochow, Amoy. Wuhan, Swatow, Canton, Kowloon (located at Shumchun), Kongmoon, Wuchow, Changchiang, Hoihow (Hainan island). Pakhoi, Kuming. Tengchung and Tihwa.

According to the announcement, Customs posts are opened only "where foreign trade should be permitted." "The duties for carrying out searches for contraband along coastal regions where no Customs houses ..... are established shall be vested in the ministry of public security."

Taiwan-Ryukyus Trade Agreement

An agreement for the exchange of goods between Taiwan and the Ryukyu Islands, which was drafted last December between representatives of the Taiwan government and S.C.A.P. in Okinawa, has now come into effect.

The total value of trade under the agreement will amount to US$687,000.

Exports from Taiwan to the Ryukyus will be US$172,000 sugar, $200,000 tea, $140,000 lumber and $45,000 miscellaneous items including salt, textiles, cosmetics and matches. In return the Ryukyus will send to Taiwan US$300,000 fish, $140,000 railway ties, $40,000 phosphorus minerals, $60,000 hides, $50,000 charcoal, $50,000 herbal medicines, and $47,000 sundries.

Cotton Production in Taiwan

A new cotton mill built by the China Textile Corporation with Japanese machinery and technicians has commenced operations in Taiwan. The mill is equipped with 10,000 spindles and forms part of a plan to make Taiwan self-sufficient in cotton production by June 1951.

Pakistan-Japan Trade Agreement

Under an agreement ratified between Pakistan and Japan, Pakistan will export to Japan by September 1951 24,812,000 lbs. of woollen textiles, as well as of cotton, jute, wool, wheat and rice.

Japan will send to Pakistan cotton and woollen textiles and machinery, and will also make technical assistance available to Pakistan.

Foreign Trade of the Philippines

For the January-September period of 1950, the total trade of the Philippine Islands amounted in value to P939,043,334 as compared with P1,286,930,967 for the same period in 1949, or a drop of 27%

Imports were valued at P490,329,559 (1949 Jan.-Sept. P888,431,563), a fall of 44.8%; exports totalled P448,713,775 (P398,499,404), or an increase of 12.6%; the excess of imports amounted to P41,615,784. (P489,932,059).

Reports from Thailand

Foreign Trade:—The total foreign trade of Thailand for 1950 amounted to Baht 4,850,451,200, as compared with Baht 4,053,997,281 in 1949, or a gain of 19.6%. Imports were valued at Baht 2,326,431,604 an increase of 19.6% over 1949 (Baht 1,945,175,600) and exports at Baht 2,524,019,596 or a rise of 19.6% over the 1949 figure of Baht 2,108,841,681. During December, rubber and tin exports amounted to Baht 8,869,886 and Baht 1,048,077 respectively.

Minerals Production:—The production of tin ore in Thailand during October is estimated at 22,178.27 piculs, an increase over the September figure of 21,419.06 piculs. The output of wolfram was 1,843.83 piculs and of antimony 332.26 piculs in October.

Shipping:—From January to November 1950, a total of 1206 vessels of all types called at Bangkok compared with 22 vessels in October. The income during the period January-November from the port was Baht 8,820,117, which was almost double that for the corresponding period in 1949.

Thailand-Japan Trade Agreement:—A barter trade agreement has been concluded between Thailand and Japan which amounts to US$5 million. Under the agreement, Thailand will export to Japan, among other items, rice $40 million; tea $1.2 million; castor oil $1 million; Salt $1 million; and up to 2000 tons of tin concentrate, which had previously been restricted. Imports from Japan will include textiles to the value of $26 million; railway rolling stocks $5 million; industrial machinery $6 million, etc.

HONGKONG UNIVERSITY ECONOMICS SOCIETY

A meeting was held at the University on March 6th 1951 to revive the activities of this Society, which was in existence before the war. Its prewar functions included the publication of a journal, which became widely known. The chair was taken by Dr. E. Stuart Kirby, B. Sc.,B.A., Ph.D., F. R. Econ. S., M. I. Ec., Lecturer in Economics at the University of Hongkong, who was elected President of the Society.

Dr. Kirby expressed the hope that the Society would aim at arousing a broad interest in its field, not restricted to the University itself, but extending outside into the business and professional community of Hongkong; it was hoped to provide not only a high standard of theoretical papers and discussion, but also some practical and expert talks on matters that might be described as Applied Economics, from the fields of commerce, transport, public services, welfare, etc. Past and present students and staff of the University are eligible for Ordinary Membership. Other persons, at the discretion of the Committee, if they are deemed to have corresponding qualifications (such as University training elsewhere, and/or professional or business standing) may be admitted as Associate Members (annual subscription $5).

In this respect (he remarked) the University had a responsibility for civic leadership. The duty fell first on the members of the University, to whom the Society should be a means of interrelation and cooperation, as between students and staff, and as between past, present, senior and junior students. It should develop a strong sense of craftsmanship, for Economics students especially, taking pride in the dignity and importance of the subject and showing that good work could be done in it here in Hongkong.

He considered, however, that this function was interdepartmental, and should not be regarded as a sectarian interest in a detached Special Subject. Economics, in the modern world especially, is of underlying significance in every science and every sphere of human activity. It should be within the competence of the Society to hold talks and discussions—for example—on such subjects as the economics of the chemical industries, of electric power, of public health services, etc. The respective specialists concerned — chemists, engineers, doctors, etc—usually approached these matters solely from another, the purely technical, angle. The proposed activities would provide a common meeting-ground, which was very necessary; how much of the present world troubles are ascribable to the lack of interchange and understanding between social and economic theorists on the one hand and technicians and practical scientists on the other ?

This type of inter-disciplinary collaboration was, in the speaker's view, fundamental to the basic idea of a University. As the very word indicated, a University ought to provide a universalised and comprehensive education, a rounded and balanced outlook. The Society should take pride in working with that aim in view. The same necessity was also felt, on a wider basis, for the Hongkong community as a whole, which had a tendency to move in closed circles, and perhaps in unduly small circles.

It is hoped to start activities soon. The programme is expected to include a Presidential address on Western Economics and the Far East, and various talks and discussions on topics both practical and theoretical. Enquiries may be addressed to the Hon. Secretary, Mr. John Swaine, care of Economics Department, The University, Hongkong. Other officers are: Vice-President, Rev. Fr. M. Mansfield, S.J., M.A., Lecturer in Economics, H.K.U., Graduate Vice-President Mr. Arthur Yuan, B.A., Chairman Mr. Robert Low, Hon. Treasurer Mr. Mei Kai-hsien.

HONGKONG RAILWAY

MONTHLY REPORT FOR FEBRUARY, 1951

Passengers carried during the period under review were the highest for any one month in the Railway's history. The figures were as follows:—

	This month	Last month
Up	333,670	284,647
Down	331,940	287,069
	665,610	571,716

The large increase was due to the Chinese New Year Holidays; this particular season of the year usually being the cause of increased travel over a period of several days both before and after the holiday. Traffic was also very heavy during the period prior to the introduction of the new immigration regulations by the Chinese Government. These regulations were introduced on February 15th.

Goods traffic dropped from 37,056 to 24,984 tons.

Revenue earned. (January 16th to February 15th)

	Passengers	Goods	Misc. Receipts	Total B.S. Revenue
Local	$760,380	$169,746	$ 64,515	$994,641

Revenue for the period also constituted a record.

Hongkong's Imports of Wood Oil (Amendment)

Hongkong imports of wood oil, in bulk, for the month of December 1950 were as follows:—

WOOD OIL (in bulk)

Countries	Imports Quantity	Imports Value	Exports Quantity	Exports Value
U. K.	—	—	3,864	753,480
China, South	22,484	3,872,751	—	—
Germany ..	—	—	2,100	412,000
U. S. A. .. (not Switzerland).	—	—	35,028	6,382,620
Total	22,484	3,872,751	40,992	7,548,100

Hongkong Shipping Report for February 1951

Ocean Steamers

Flag	Arrivals No.	Tonnage	Cargo	Passengers	Departures No.	Tonnage	Cargo	Passengers
British	108	296,278	125,966	2,811	113	326,929	98,422	3,236
American	13	74,421	3,670	176	12	69,603	7,464	185
Chinese	12	12,892	2,933	3	19	24,728	15,101	—
Danish	12	34,818	10,640	49	10	32,228	6,300	13
Dutch	15	66,148	28,255	226	12	53,374	8,760	782
French	2	14,702	7,210	7	2	14,702	500	79
Greek	4	818	173	—	4	818	845	—
Hondurian	—	—	—	—	1	4,364	—	—
Japanese	1	1,995	4,879	—	1	1,995	5,544	—
Norwegian	20	49,269	19,662	497	21	52,184	19,181	129
Panamanian	23	51,711	39,579½	6	27	75,448	30,656	2
Philippine	9	9,725	3,838	4	8	9,476	2,251	15
Portuguese	1	111	18	3	—	—	—	—
Swedish	6	17,593	2,051	—	6	17,593	4,586	27
Total Foreign	118	334,203	122,408½	971	123	356,513	101,188	1,232
Total	226	630,481	248,374½	3,782	236	683,442	199,610	4,468

River Steamers

Flag	Arrivals No.	Tonnage	Cargo	Passengers	Departures No.	Tonnage	Cargo	Passengers
British	147	142,967	2,443	45,304	147	142,967	4,947	44,297
Chinese	13	4,112	760	—	11	3,155	973	—
Portuguese	1	297	—	—	2	594	120	—
Total Foreign	14	4,409	760	—	13	3,749	1,093	—
Total	161	147,376	3,203	45,304	160	146,716	6,040	44,297

HONGKONG COMMERCIAL CARGO
For February 1951

	Ocean Vessels Discharged	Loaded	River Vessels Discharged	Loaded
1951				
January	300,603	174,911	5,599	8,287
February	248,374½	199,610	3,203	6,040
Totals	548,977½	374,521	8,802	14,327

Total ocean cargo discharged and loaded Jan.-Feb. 1951: 923,498½ tons; total river cargo: 23,129 tons; grand total: 946,627½ tons.

Monthly averages for 1947, 1948 1949 and 1950 (in tons):—

	1947	1948	1949	1950
Ocean cargo in	187,552	193,416	272,418	320,079
" " out	71,047	87,849	128,034	185,732
River cargo in	7,483	9,042	8,291	7,893
" " out	7,369	7,456	10,404	8,943

Highest and lowest ocean cargo figures for 1948, 1949 and 1950 (in tons):

	1948	1949	1950
Highest discharged	241,574 in Mar.	377,034 in Dec.	443,678 in Jan.
" loaded ..	122,684 in Dec.	158,697 in Sept.	228,730 in Dec.
Lowest discharged	138,922 in Nov.	179,805 in Feb.	252,428 in Aug.
" loaded ..	57,988 in Oct.	76,461 in Feb.	123,112 in Feb.

HONGKONG JUNKS & LAUNCHES IN FEBRUARY 1951

Foreign Trade Conducted by Junks & Launches of 60 registered tons & under

JUNKS

	No. of Vessels Inward	Outward	Reg. Tonnage Inward	Outward	Dead Weight Tonnage of Cargo Inward	Outward	No. of Passengers Inward	Outward
1951 February	974	1,000	126,202	119,556	35,950	9,357	138	67
January	1,308	1,333	150,912	168,777	53,756	25,542	871	1,752
	—334	—333	—24,710	—44,221	—17,806	—16,185	—733	—1,685

LAUNCHES

1951 February	244	242	5,073	5,087	351	501	—	—
January	337	350	6,851	6,984	588	401	—	—
	—93	—108	—1,778	—1,897	—237	+100	—	—

Total Vessels entered & cleared January 1951 3,328 328,524 N.R. Tons.
" " " " February 1951 2,460 255,918
— 868 —72,606

Total Cargo discharged & loaded January 1951 80,287 D.W. Tons.
" " " " February 1951 46,159
—34,128

January-February 1951:
Total Vessels entered & cleared: 5788 of 584,442 N.R. Tons.
Total Cargo discharged & loaded: 126,446 D.W. Tons.

Local Trade Conducted by Junks & Launches of 60 registered tons & under

JUNKS

	No. of Vessels Inward	Outward	Reg. Tonnage Inward	Outward	Dead Weight Tonnage of Cargo Inward	Outward	No. of Passengers Inward	Outward
1951 February	1,233	1,238	49,563	56,717	25,703	5,122	—	—
January	1,403	1,460	48,536	49,190	26,657	6,098	—	—
	—170	—222	+1,027	+7,527	—954	—976	—	—

LAUNCHES

1951 February	389	391	11,483	11,566	194	264	26,735	26,085
January	388	389	11,048	11,041	266	401	23,635	28,041
	+ 2	+ 2	+435	+525	— 72	—137	+3,100	+2,048

Total Vessels entered & cleared January 1951 3,640 119,815 N.R. Tons.
" " " " February 1951 3,251 129,329
—389 +9,514

Total Cargo discharged & loaded January 1951 33,422 D.W. Tons.
" " " " February 1951 31,283
—2,139

January-February 1951:
Total Vessels entered & cleared: 6891 of 249,144 N.R. Tons.
Total Cargo discharged & loaded: 64,705 D.W. Tons.

ECONOMIC REPORTS FROM JAPAN

Mining and Manufacturing Production for November

The production level of mining and manufacturing industries for November was raised by 3 percent over the October figures with the overall index of 483.9 against the 469.4 for October on the basis of 100 for 1946. The ever-increasing production is attributable to unremitting demands, at home and abroad, and of special procurement sources, provoked chiefly by the war in Korea, and a fairly stabilized supply of raw material and electric power. Stock-piles of manufacturers have been continuously decreasing and the index for November dropped to $98.4 against the 100 of 1934-38 base years. A lower supply of raw materials is threatening a rise of prices, which, coupled with markedly raised ocean freight of today will tax the manufacturers.

Tabulated in the following are figures of production for November and factory stocks of major commodities at the end of the month.

Commodity	Unit	Output	Stocks
Coal	metric ton	3,521,697	1,236,800
Crude Oil	kiloliter	28,775	4,860
Electric Power	kilowatt	3,519,672	—
Pig Iron	metric ton	207,848	53,179
Ordinary Steel	„	334,911	260,695
Galv. Iron Sheet	„	34,543	21,587
Aluminum	„	2,451	980
Electric Motor	unit	34,179	23,922
Weaving Machine	„	5,079	1,425
Ammonium Sulphate	metric ton	129,158	73,261
Nitrogenous Lime	„	38,190	50,070
Caustic Soda	„	20,094	5,113
Cement	„	465,665	175,648
Sheet Glass	case	366,357	215,448
Paper Pulp	gross ton	58,595	4,461
Auto Tire	piece	111,554	17,743
Cotton Yarn	1,000 pounds	54,484	24,995
Cotton Fabric	1,000 sq. yds.	150,888	88,717
Woollen Fabric	„	9,126	2,520

Iron and Steel Industry Boom

Stimulated by the universal armament of today, price of iron and steel has been rising throughout the world, and nobody could predict when and where it will cease climbing. Japanese manufacturers of ferrous metals have gone so far as to decline concluding contracts for shipment after April. They have accepted orders for the shipment for February and March. When the Japanese Government placed a ban on iron and steel export to Communist China last December, the dealers had an apprehension whether or not they could find new markets to compensate for the loss of the old market. Their apprehension did not last long as orders and inquiries soon started pouring in from abroad, from Argentina, Australia, Singapore, Thailand, etc. Those overseas buyers have the impression, it seems, that Japan is one of the few countries where there are still stock-piles of goods for export and also that export control might be placed, sooner or later, on iron and steel.

Compared with last September, export prices prevailing in January are quoted at US$100 for 19 m.m. steel bar (33 percent higher), $120 for steel plate (30 percent higher), $190 for steel sheet (40 percent higher), $120 for section steel (33 percent higher) and $280 for galvanized iron sheet (27 percent higher). As to a recent output condition, last December smashed the former postwar record with 211,522 tons of pig-iron, 348,034 tons of rolled carbon steel, and 485,359 tons of steel ingot. This was attributable not only to the increased "special procurement" orders, but also to the manufacturer's enthusiasm and also to the furnace improvement at the Kamaishi iron works.

Broken down by products, output figures in December are (in ton): Steel making Pig-iron, 170,582; Casting Pig-iron, 211,522; Ferro-manganese, 3,098; Ferrocilicon, 194; Ordinary steel ingot, 427,419; Special steel ingot, 12,940; Rolled carbon steel, 348,034; Special rolled steel, 9,708; Ordinary forged steel, 5,333; Special forged steel, 1,350; Ordinary cast steel, 10,521; Special cast steel, 1,540; Galv'd iron sheet, 33,500; Cast iron pipe, 9,895.

New Postwar High of Cotton Goods Output

The output of cotton yarn and fabric of 1950 marked a postwar high with the figure of 517,697,141 pounds and 760,770,731 square yards exceeding the production of the previous year by 171,977,277 pounds and 245,949,851 square years respectively. In December, they produced 54,538,098 pounds of cotton yarn and 74,635,132 square yards of cotton cloth showing an advance over the preceding month by 586,401 pounds and 743,073 square yards respectively.

As of the last December-end, spindles in place were 4,381,147, of which 4,341,169 were active, or 121,929 and 121,065 spindles more than the previous month, respectively. But compared with the peaks in the prewar years the cotton industry of today seems to have just started.

	Prewar Peaks	1950
Number of cotton mills	80 in 1938	51
Cotton yarn output	1,586,480,640 (lbs.)	517,697,141 (lbs.)
Cotton cloth	1,890,554,335 (sq. yds.) in 1937	760,770,731 (sq. yds.)
Spindles in place	13,110,320 in 1941	4,381,147

Synthetic Fiber

The output in 1950 amounted to 993,618 pounds, including 13,972 pounds of fishing line, or more than 10 times the previous year's. A breakdown of 774,022 pounds of the poly-vinyl fiber and 219,596 pounds of the poly-amide fiber produced by various companies is shown in the following table (in pound):

Poly-vinyl Chemical Fiber Group:	
Kurashiki Rayon	568,913
Shinko Rayon	1,555
Dai-Nippon Spinning	34,735
Kanegafuchi Spinning	168,586
Japan Synthetic Fiber	203
Total	774,022
Poly-amide Chemical fiber Group:	
Toyo Rayon	219,317
Nihon Rayon	279
Total	219,596

Hongkong Shipping Returns for February 1951

	Ocean Steamers Tonnage In	Ocean Steamers Tonnage Out	River Steamers Tonnage In	River Steamers Tonnage Out	Ocean Passengers In	Ocean Passengers Out	River Passengers In	River Passengers Out
Monthly averages 1948	659,582	651,394	122,834	123,338	23,583	19,547	37,529	29,769
„ „ 1949	824,239	828,696	163,345	168,147	21,952	21,564	48,496	52,620
„ „ 1950	763,702	769,097	207,847	207,465	4,887	9,066	63,887	65,333
1951:								
January	699,726	694,844	170,240	168,861	3,372	6,257	50,812	54,412
February	630,481	683,442	147,376	146,716	3,782	4,468	45,304	44,297
Totals	1,330,207	1,378,286	317,616	315,577	7,154	10,725	96,116	98,709

Total ocean steamer tonnage for January 1951: 2,708,493 tons; total river tonnage: 633,193 tons; grand total 3,341,686 tons.

Total ocean passengers: 17,879; total river passengers: 194,825; grand total: 212,704.

Export in 1950

According to validations, Japan's exports in 1950 amounted to US$783,475,000. This amount far exceeded the projected export figure of $650 million set for the period from April, 1950 through March, 1951. For export validation, December scored the highest figure for one month last year with $93,343,000.

Compared with the total shipments of $510,928,000 in the previous year, the 1950 export showed a 53 percent advance, which was mainly attributable to the Korea war stepping up exports. Regional breakdown of exports reveals that the open account area showed a 144 percent increase and the doller area a 70 percent increase, both over the previous year, whereas the pound area remained almost unchanged. A marked gain of export to the open account area was due to the fact that new trade arrangements have been concluded with Korea, Formosa, the Philippines and Sweden. The increase of the dollar area was traceable to the expanded shipments to the United States. The export validations to the United States reached $189 million, which represents 55 percent of the whole export to the dollar area, outdoing the 1930-34 average export figure of $165 million.

Broken down by commodities, textile accounted for $338,188,000 or 43 percent of the whole exports, a little lower than the previous year's 54 percent, iron and steel products and nonferrous metals $161,886,000 or 23 percent (increase over the previous year's 13 percen) and machinery $73,678,000 or 9.4 percent (roughly the same as the previous year's 10 percent).

The export record set up in December reflected the world-wide tendency of armament expansion. Compared with the previous month, the open account area registered an increase of $8,077,000, the pound area £6,495,000 and the dollar area $1,101,000 respectively.

Monthly breakdown of 1950 exports follows (in $1,000):—January, 42,262; February, 44,744; March, 54,328; April, 48,320; May, 66,195; June, 65,092; July, 74,247; August, 73,859; September, 66,549; October, 78,461; November, 77,670; December, 93,343.

Regional breakdown of exports in December was (in $1,000):—Dollar area, 31,076; Pound area, 26,231; Open account area, 36.036.

THE PAPER INDUSTRY OF SHANGHAI

Before the political change in 1949, the industry depended on imports for the supply of wood pulp and copper nets, chief raw materials for paper manufacturing, whilst the market for paper also became one of the objects of specula- Owing to the currency inflation in recent years, paper also became one of the objects of speculation. Due to the purchasing power caused by inflation, the paper industry at one time enjoyed anomalous prosperity. Up to 1948, Shanghai had a total number of 26 paper mills equipped with 60 sets of paper machinery in all. Their potential monthly output was 10,809 tons of paper, but the actual monthly output was averagely 7,396 tons.

After the communists took over and after undergoing temporary difficulties the industry gradually revived. The operation rate increased from 45 percent in June to 90 percent in November, 194; whilst output increased from 1,650 tons tons in June to 5,265 tons in September. Up to the end of the same year, there were 28 paper mills in operation. During this period, however, currency inflation continued and commodity prices were not stabilized.

The Ministry of Light Industry called the First Paper Industry Conference at the beginning of 1950. The conference made a preliminary estimate of the demand for paper in the whole country, the productive capacity of the paper industry and the consumption of raw materials, and formulated the production plan for the various areas of the country for 1950. The plan called for a total production of 174,564 tons of paper for the country for 1950, out of which Shanghai was assigned a production quota of 75,100 tons representing 43 percent of the total.

The centralized financial and economic measures carried out during March put a halt to the rising trend of commodity prices, with the result that the purchasing power started to disappear and the market of paper was sharply cut. The paper industry which was built on speculation encountered serious difficulties. Its monthly output dropped from 4.137 tons in January to 452 tons in April, whilst sales went down from 3,550 tons in January to 917 tons in March. The paper industry entered the stage of transformation to new democratic economy, which lasted about four months from February to May. The support given by the state from May pulled back the industry from impending collapse. The Shanghai Commercial Trust Company was the first to book orders with, and make purchases from, the paper industry. The People's Government announced that from July it would place an order for 2,500 tons of cultural paper every month. During the three months from May to July, the East China Department of Industry placed a total order for 500 tons, 16,612 reams and 150 cases of various kinds of paper with private paper mills in Shanghai. At the same time, the government froze the paper stocks of the Ministry of Trade, and further ordered a ban on foreign paper imports. With this government aid, the production conditions of the paper industry improved. The number of factories in operation rose from 5 in April to 28 in August. The public and private relations during this stage were purely of a relief nature.

The improvement of the paper industry this time was built on stability of prices instead of on violent rises in paper prices. However, the industry's old viewpoint and traditional method of operation were not yet eradicated. Therefore, a number of irregularities were committed by the various paper mills accepting government purchase orders. Later, when market conditions were slightly improved, they were again unduly optimistic, and resorted to blind production. This in turn led to cotmpetition in purchasing raw materials, hoarding and profiteering, culminating in the skyrocketing of the prices of raw materials and scarcity of raw materials. On the other hand, the various paper mills turned to the manufacture of those kinds of paper which had a good market but reduced the production of cultural paper which yielded them a small profit, so that there was an excess in the supply of some kinds of paper, but a deficiency in the supply of other kinds of paper. This aggravated the dislocation between production and sales of paper.

In the face of this situation, the government first of all reduced the import duty on waste paper from 42 to 12.5 percent to encourage imports. Furthermore, it led the paper industry in forming a raw materials joint purchasing committee for the purchase of waste paper and rags, for eliminating the competitive buying among the trade and for eliminating middlemen's exploitation. To those factories accepting government purchase orders, a reasonable allocation of wood pulp was made. To bring about an equilibrium between the demand and supply of paper, state concerns shipped large paper consignments from the Northeast and North China. At the same time, a cultural paper readjustment committee was formed for the purpose of making a reasonable supply of cultural paper, to prevent it from falling into the hands of hoarders. As a result of government measures, the demand and supply conditions of paper and raw materials as well as their market prices were stabilized. The state economy eventually overcame the deviations of private enterprises, paving the way for leading the privately operated paper industry toward planned production.

The Shanghai paper industry has however not taken a turn for the better as it is still confronted with many questions. The foremost one is the raw materials question. The next question is how to remould the private paper industry. How to guide the reform of private enterprises so as to conform to the law of development of new democratic economy, has become an important topic of the state economy at present. The third question is how to carry out planned production. The experiences of the First National Paper Conference have proved that to put through production plan, there must be a sales plan. The overall promotion of the purchase orders system will be the central link in the public and private relations of the paper industry.